

**SOUTH CAROLINA PUBLIC CHARTER
SCHOOL DISTRICT
COLUMBIA, SOUTH CAROLINA**



**SOUTH CAROLINA
PUBLIC CHARTER SCHOOL DISTRICT**

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

COLUMBIA, SOUTH CAROLINA

TABLE OF CONTENTS

	PAGE NO.
INDEPENDENT AUDITORS' REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
FINANCIAL STATEMENTS	
Statement of Net Position	9-10
Statement of Activities	11
Balance Sheet - Governmental Funds	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13
NOTES TO BASIC FINANCIAL STATEMENTS	14-40
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	41
Schedule of District's Proportionate Share of the Net Pension Liability – SCRS	42
Schedule of District Contributions – SCRS	43
Schedule of District's Proportionate Share of the Net OPEB Liability – SCRHITF and SCLTDITF	44
Schedule of District Contributions - SCRHITF and SCLTDITF	45
SUPPLEMENTAL SCHEDULES	
Schedule of Revenues, Expenditures and Changes in Fund Balance - General Fund	46-48
Schedule of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Fund – Special Projects Fund	49-51
Summary Schedule for Designated State Restricted Grants - Special Revenue Fund – Special Projects Fund	52
Summary Schedule for Other Special Projects Programs - Special Revenue Fund – Special Projects Fund	53
Schedule of Revenues, Expenditures and Changes in Fund Balance – Special Revenue Fund Education Improvement Act	54-55
Summary Schedule of Program – Special Revenue Fund – Education Improvement Act	56
Detailed Schedule of Due to State Department of Education/Federal Agencies	57
Schedule of Total Expenditures/Disbursements for All Funds - By Location	58
SINGLE AUDIT SECTION	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	59-60

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

COLUMBIA, SOUTH CAROLINA

TABLE OF CONTENTS

	PAGE NO.
SINGLE AUDIT SECTION (Continued)	
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required By the Uniform Guidance	61-62
Schedule of Findings and Questioned Costs	63-66
Corrective Action Plan	67-68
Schedule of Expenditures of Federal Awards	69

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
South Carolina Public Charter School District
Columbia, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, aggregate discretely presented component units and each major fund of the South Carolina Public Charter School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Brashier Middle College, Bridges Preparatory School, Calhoun Falls Charter School, Cape Romain Environmental Education Charter School, Coastal Leadership Academy, Cyber Academy of South Carolina, East Point Academy, Felton Laboratory Charter School, Fox Creek High School, Gray Collegiate Academy, GREEN Charter School, GREEN Charter School of the Midlands, Greenville Technical Charter High School, Greer Middle College, High Point Academy, Lead Academy, Legacy Early College, Lowcountry Leadership Charter School, Lowcountry Montessori School, Mevers School of Excellence, Meyer Center, Midlands Middle College, Midlands STEM Institute, NEXT High School (two campus'), Oceanside Collegiate Academy, Palmetto Scholars Academy, Pee Dee Math, Science, and Technology Academy, Odyssey Online Learning, Quest Leadership Academy, Riverwalk Academy, Royal Live Oaks Academy, South Carolina Connections Academy, Inc., South Carolina Virtual Charter School, South Carolina Whitmore School, Spartanburg Preparatory School, Tall Pines STEM Academy, York Preparatory Academy, and Youth Leadership Academy. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for Brashier Middle College, Bridges Preparatory School, Calhoun Falls Charter School, Cape Romain Environmental Education Charter School, Coastal Leadership Academy, Cyber Academy of South Carolina, East Point Academy, Felton Laboratory Charter School, Fox Creek High School, Gray Collegiate Academy, GREEN Charter School, GREEN Charter School of the Midlands, Greenville Technical Charter High School, Greer Middle College, High Point Academy, Lead Academy, Legacy Early College, Lowcountry Leadership Charter School, Lowcountry Montessori School, Mevers School of Excellence, Meyer Center, Midlands Middle College, Midlands STEM Institute, NEXT High School (two campus'), Oceanside Collegiate Academy, Palmetto Scholars Academy, Pee Dee Math, Science, and Technology Academy, Odyssey Online Learning, Quest Leadership Academy, Riverwalk Academy, Royal Live Oaks Academy, South Carolina Connections Academy, Inc., South Carolina Virtual Charter School, South Carolina Whitmore School, Spartanburg Preparatory School, Tall Pines STEM Academy, York Preparatory Academy, and Youth Leadership Academy are included in the District's basic financial statements as discretely presented component units and represent 95.35%, 102.33%, and 51.25% of the assets and deferred outflows, net position (deficit), and revenues, respectively, of the District's aggregate discretely presented component units.

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We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, and each major fund of the District, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8 and budgetary comparison schedule – General Fund, schedule of District's proportionate share of the net pension liability – SCRS, and schedule of District contributions – SCRS. Schedule of the District's proportionate share of the net OPEB liability – SCRHITF/SCLTDITF and schedules of District's contribution - SCRHITF/SCLTDITF on pages 41-45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplemental schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Change in Accounting Principle

As described in Note 13 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018 on our consideration of the South Carolina Public Charter School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Carolina Public Charter School District's internal control over financial reporting and compliance.

McGregor & Company, LLP

Columbia, South Carolina
December 3, 2018

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

Our discussion and analysis of the South Carolina Public Charter School District's financial performance provides an overview of the District's financial activities of the fiscal year ended June 30, 2018. Please read it in conjunction with the District's financial statements and the activities of its component unit schools (beginning on Page 9) and accompanying notes to those statements in order to better understand the District's financial performance as a whole.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and the notes to those statements that show information, first, for the District alone, exclusive of the Schools, and then both combining and disaggregated information of the component unit schools in the District. Subsequent statements show more details of specific financial activities. The Statement of Net Position and the Statement of Activities (pages 9, 10 and 11) provide financial information of both a cumulative and a long-term nature. Fund financial statements (beginning on page 46) show a level of detail at the fund level. For governmental activities, these statements show how well the District financed its operations through its funds in the short-term and how much remains for future activities. The remaining statements present financial information about activities for which the District acts as an agent for the benefit of the schools in the District.

The District is unique in that it acts primarily as a conduit for the component unit schools that are chartered by the District. Each school in the District has a separate audit conducted for it. The component unit information contained in this report was obtained from their separately issued audited financial statements.

FINANCIAL HIGHLIGHTS

Major financial highlights for 2018 for the District excluding the schools include:

- The assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1,229,794 (net position). As a result of the adoption of Governmental Accounting Standards for Accounting and Financial Reporting for Pensions (Employers), the District now reflects a portion of the SC Retirement System's net pension and OPEB liability on the Statement of Net Position. At June 30, 2018, the governmental type activities reported a net pension liability of \$1,335,389 and a net OPEB liability of \$2,351,252, resulting in an unrestricted net position of \$1,207,769 at that date. Without these liabilities, the governmental activities would have reported an unrestricted net position of \$5,906,156. This amount may be used to meet the government's ongoing obligations to students and creditors in accordance with the District's fund designation and fiscal policies.
- Total net position was \$1,229,794 at June 30, 2018. The balance represents a \$527,047 increase from the prior year. Net Position of governmental activities increased by approximately 75.00%. The increase was attributable to the restatement of the prior year's net position as a result of the District's adoption of new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The total adjustment to the prior year's net position was a decrease of \$2,432,941. Unrestricted net position of governmental activities totaled \$1,207,769 for the current year end.
- Governmental funds reported a net increase of \$319,952 to the total fund balance all of which were in the General Fund.
- Governmental activities' expenses totaled \$236,271,479 for the current year. Expenses were comprised of \$129,189,646 for instruction, and \$107,081,833 for support services. Of the total expenses, \$232,295,878 is comprised primarily of payments to schools. Governmental activities' revenues from state and federal sources totaled \$232,397,850.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While the District's financial statements contain a number of funds used to account for programs and activities provided to our schools, the Statement of Net Position and the Statement of Activities help provide the answer to the question, "How well did the District exclusive of the School's do financially in the 2017-2018 school year?" These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector companies. The basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is paid or received. The schools in the District are shown in total under the caption "component units."

These two statements report the District's net position, the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources, and the changes in them. Over time increases or decreases in net position, reported in the Statement of Activities, are one indicator of whether the District and its schools' financial health is improving or deteriorating. Causes of these changes can be nonfinancial as well as financial. Some of the nonfinancial factors include variances of estimates in state growth, required educational programs and the quality of those programs, and other similar factors. These factors must be considered when assessing the overall health of the District and its component unit schools.

The Statement of Net Position and Statement of Activities are comprised of governmental activities consisting of support services provided to the schools and the administrative activities of the District itself.

Reporting the District's Most Significant Funds

Fund Financial Statements

The District's fund financial statements provide detailed information about the most significant funds of the District and the schools in the District. Some funds are established as required by state law while others are established to help it manage and direct money for particular purposes or to show that legal requirements for grants and other money are being met. The District's governmental funds used the following approaches:

- **Governmental Funds** - All of the District's services are reported in governmental funds. Government fund reporting focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements (pages 12 and 13).

THE DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the District and its component units as a whole and can be an indicator of a government's financial health if compared over a period of time. The following table provides a summary of the District's net position as of fiscal year end 2018 compared to 2017.

THE DISTRICT AS A WHOLE (Continued)

	Net Position (Deficit)			
	Governmental Activities		Component Unit Activities	
	2018	2017 As Restated	2018	2017 As Restated
Assets				
Current Assets	\$ 14,389,455	\$ 9,514,156	\$ 101,155,507	\$ 79,314,378
Noncurrent Assets	160,338	234,386	184,881,590	129,779,732
Total Assets	14,549,793	9,748,542	286,037,097	209,094,110
Deferred Outflows of Resources	771,917	1,124,217	28,200,238	12,244,447
Liabilities				
Current Liabilities	8,425,292	3,854,282	30,948,825	28,403,490
Long-Term Liabilities	3,882,961	6,311,876	328,456,200	249,942,408
Total Liabilities	12,308,253	10,166,158	359,405,025	278,345,898
Deferred Inflows of Resources	1,783,663	3,854	8,733,732	1,566,212
Net Position (Deficit)				
Net Investment in Capital Assets	22,025	37,531	5,704,280	2,147,469
Restricted	-	-	26,967,686	22,643,261
Unrestricted	1,207,769	665,216	(86,573,388)	(83,364,283)
Total Net Position (Deficit)	\$ 1,229,794	\$ 702,747	\$ (53,901,422)	\$ (58,573,553)

Overall, the District's net position increased by \$527,047 from the previous year. Unrestricted net position of governmental activities totaling \$1,207,769 represents the accumulated results of past years' operations. In other words, if the District were to pay off all bills as of June 30, 2018, we would have \$1,207,769 remaining. Unrestricted net position increased by \$542,553 from the preceding year's ending balance.

The District continues to monitor its expenditures closely and operate in a fiscally conservative manner to help minimize the effect of possible future budget cuts and limit declines in net position.

Total net position (deficit) of the component units totaled \$(53,901,422) as of June 30, 2018. Of this amount, unrestricted net position (deficit) of component unit activities totaled \$(86,573,388), restricted net position totaled \$26,967,686 and net investment in capital assets totaled \$5,704,280. Unrestricted net position decreased by \$3,209,105 from the preceding year's ending balance. The schools in the District have indicated that they are monitoring their expenditures closely and are operating in a fiscally conservative manner.

The results of this year's operations for the District as a whole and the combined results of the District's component unit schools are reported in the Statement of Activities. The following table takes information from that statement.

THE DISTRICT AS A WHOLE (Continued)

	Changes in Net Position			
	Governmental Activities		Component Unit Activities	
	2018	2017	2018	2017
Revenue				
Program Revenue:				
Operating Grants	\$ 232,397,850	\$ 185,354,299	\$ 231,533,731	\$ 186,061,504
Charges for Services	3,959,550	3,497,722	2,351,917	1,212,009
General Revenue:				
Federal and State Aid Not Restricted for Specific Purpose	-	-	5,128,220	-
Sale of Capital Assets	-	-	-	47,842
Investment Earnings	-	-	280,260	29,052
Miscellaneous and Other	441,126	65,408	9,680,943	4,389,240
Total Revenue	236,798,526	188,917,429	248,975,071	191,739,647
Functions/Program Expenses				
Instruction	129,189,646	107,452,014	135,867,285	107,807,366
Support Services	107,081,833	81,177,826	108,435,655	77,704,387
Total Expenses	236,271,479	188,629,840	244,302,940	185,511,753
Increase (Decrease) in Net Position	\$ 527,047	\$ 287,589	\$ 4,672,131	\$ 6,227,894

Net position of governmental activities increased by \$527,047 during the fiscal year ended June 30, 2018. The Component Unit's net position increased by \$4,672,131 from the prior year.

Governmental Activities

In South Carolina, basic public education is funded by estimating the cost to educate a student based on the defined program, times a weighting. The weighting is based on the grade classification of the student and any special mitigating condition the student may have. For the 2017-2018 school year, the South Carolina Public Charter School District's base student cost (BSC) was \$2,425 per weighted pupil unit. Virtual charter schools sponsored by the South Carolina Public Charter School District received \$1,900 per weighted pupil unit while brick and mortar charter schools sponsored by the same authorizer received \$3,600 per weighted pupil unit.

The Statement of Activities shows the cost of instructional services and the related charges for those services and any grants offsetting the cost of those services. The following table shows, for governmental activities, the total cost and net cost of services.

	Governmental Activities			
	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
Instruction	\$ 129,189,646	\$ 107,452,014	\$ 56,711	\$ 263,850
Support Services	107,081,833	81,177,826	29,210	(41,669)
Total Expenses	\$ 236,271,479	\$ 188,629,840	\$ 85,921	\$ 222,181

THE DISTRICT'S FUNDS

Information about the District's major funds begins on page 46. These funds use the modified accrual basis of accounting. As mentioned earlier, governmental funds reported an increase of \$319,952 in combined fund balance for the District office as authorizer and controlling authority over the schools. This balance will permit the District office to have some reserve for flexibility and contingency.

General Fund Budgeting Highlights

The District's budget is prepared according to South Carolina law and special legislation unique to the District. The District's budget is based on the number of projected students for each school, with specific formulas for the District's percentage of flow through funds.

ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND RATES, AND OTHER MATTERS

The 2018-2019 school year marks the eleventh academic year for the South Carolina Public Charter School District. After a planning year in 2007, the District opened its first schools in 2008. As of October 31, 2018 the District has a total of 19,919 students. The staff of the District office consists of 22 full and part time individuals to oversee the 33 schools in operation for the 2018-2019 school year.

Effective July 1, 2018, ten charter schools transferred from the South Carolina Public Charter School to the Charter Institute at Erskine. For the year ended June 30, 2018 these ten schools generated approximately \$68 million in governmental revenue which comprised 29% of the District's total governmental revenues. The District has determined that these transfers will not have a significant impact on the economic outlook of the District as over 97% of total governmental revenues are pass-through directly to schools. In addition, the number of charter schools in South Carolina continues to grow each year evident by the six new schools authorized the South Carolina Public Charter School District that opened on July 1, 2018.

The members of the Board of Trustees of the South Carolina Public Charter School District take seriously their stewardship of state resources and their charge as a provider of public education. The Board members of the District review charter applications, grant charters, and oversee the accountability and public stewardship of the schools in the District. The Board's oversight includes the legal right and responsibility to not renew or revoke a charter if necessary. This emphasis on accountability to the public and for the public is a hallmark of public charter schools.

The District continues to focus on developing and implementing best practices through an evaluative performance framework to give its schools a clearer picture of organizational health. The bar continues to be raised in terms of the quality of schools, with the Board and staff carefully scrutinizing applications for new schools.

Current Financial Framework

While it has improved in recent years, the District continues to seek a long-term funding solution from the political leadership of the State that will provide for equitable funding for students of the District. Local money for educating the children of the District continues to remain in the local school district where the child resides.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Director of Finance, S.C. Public Charter School District, 3710 Forest Drive, Suite 201, Columbia, SC 29204.

FINANCIAL SECTION

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

COLUMBIA, SOUTH CAROLINA

STATEMENT OF NET POSITION (DEFICIT)

JUNE 30, 2018

Assets	Primary Government Governmental Activities	Component Units
Current Assets		
Cash and Cash Equivalents	\$ 4,454,010	\$ 60,343,394
Investments	2,536,794	6,011,154
Restricted Cash	-	26,255,472
Due from Federal Agencies	6,759,100	-
Due from State Department of Education	317,439	-
Due From Other Governmental Units	-	5,276,250
Due from Other Funds	-	42,488
Other Receivables	313,250	2,141,296
Deposits	-	225,412
Prepaid Items	8,862	860,041
Total Current Assets	14,389,455	101,155,507
Noncurrent Assets		
Other Assets	-	427,448
Note Receivable	-	2,000,000
Bond Reserve Fund	-	3,932,063
Capital Assets, Net of Accumulated Depreciation	160,338	178,522,079
Total Noncurrent Assets	160,338	184,881,590
Total Assets	14,549,793	286,037,097
Deferred Outflows of Resources		
Net Pension Deferrals	675,996	26,169,340
Net OPEB Deferrals	95,921	2,030,898
Total Deferred Outflows of Resources	771,917	28,200,238
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Liabilities	164,243	20,575,687
Due to Federal Agencies	21,516	-
Due to State Department of Education	253,473	-
Due to Other Governmental Units	7,886,883	-
Due to Other Funds	-	-
Due to Related Parties	-	2,885,389
Due to Student Groups	-	181,915
Unearned Revenue	9,736	2,777,321
Due Within One Year:		
Compensated Absences	29,118	18,591
Capital Leases Due	60,323	763,129
Bonds Payable	-	969,592
Line of Credit	-	551,560
Notes Payable	-	2,225,641
Total Current Liabilities	8,425,292	30,948,825

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

COLUMBIA, SOUTH CAROLINA

STATEMENT OF NET POSITION (DEFICIT)

JUNE 30, 2018

Noncurrent Liabilities

Due in More than One Year:

Compensated Absences	\$ 118,330	\$ 64,530
Net Pension Liability	1,335,389	74,910,304
Net OPEB Liability	2,351,252	57,200,524
Capital Leases	77,990	46,703,395
Bonds Payable	-	80,053,069
Notes Payable	-	69,524,378

Total Noncurrent Liabilities

3,882,961 328,456,200

Total Liabilities

12,308,253 359,405,025

Deferred Inflows of Resources

Net Pension Deferrals	1,561,366	3,325,782
Net OPEB Deferrals	222,297	5,407,950

Total Deferred Inflows of Resources

1,783,663 8,733,732

Net Position (Deficit)

Net Investment in Capital Assets	22,025	5,704,280
Restricted	-	26,967,686
Unrestricted	1,207,769	(86,573,388)

Total Net Position (Deficit)

\$ 1,229,794 \$ (53,901,422)

The accompanying notes are an integral part of these financial statements.

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

COLUMBIA, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

FOR FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Net Revenue (Expense) and Changes in Net Position	
				Primary Government Governmental Activities	Component Units
Primary Government:					
Governmental Activities					
Instruction	\$ 129,189,646	\$ -	\$ 129,246,357	\$ 56,711	
Support Services	107,081,833	3,959,550	103,151,493	29,210	
Total Governmental Activities	236,271,479	3,959,550	232,397,850	85,921	
Component Units:					
Charter Schools	244,302,940	2,351,917	231,533,731		\$ (10,417,292)
Total Component Units	244,302,940	2,351,917	231,533,731		(10,417,292)
General Revenues:					
Federal and State Aid Not Restricted for Specific Purpose				-	5,128,220
Investment Earnings				-	280,260
Miscellaneous				441,126	9,680,943
Total General Revenues				441,126	15,089,423
Change in Net Position				527,047	4,672,131
Net Position (Deficit), Beginning of Year, As Restated				702,747	(58,573,553)
Net Position (Deficit), End of Year				\$ 1,229,794	\$ (53,901,422)

The accompanying notes are an integral part of these financial statements.

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

COLUMBIA, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2018

	General Fund	Special Revenue Funds Special Projects	Education Improvement Act	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 4,454,010	\$ -	\$ -	\$ 4,454,010
Investments	2,536,794	-	-	2,536,794
Due from Federal Agencies	-	6,759,100	-	6,759,100
Due from State Department of Education	2,379	72,702	242,358	317,439
Due from Other Funds	246,191	-	1,108,368	1,354,559
Other Receivables	237,633	7,613	68,004	313,250
Prepaid Items	3,878	1,984	3,000	8,862
Total Assets	\$ 7,480,885	\$ 6,841,399	\$ 1,421,730	\$ 15,744,014
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 113,863	\$ -	\$ 50,380	\$ 164,243
Due to Federal Agencies	-	21,516	-	21,516
Due to State Department of Education	173,742	2,828	76,903	253,473
Due to Other Governmental Units	1,139,151	5,457,119	1,290,613	7,886,883
Due to Other Funds	-	1,354,559	-	1,354,559
Unearned Revenue	525	5,377	3,834	9,736
Total Liabilities	1,427,281	6,841,399	1,421,730	9,690,410
Fund Balances				
Non-Spendable				
Prepaid Expenses	3,878	-	-	3,878
Unassigned	6,049,726	-	-	6,049,726
Total Fund Balances	6,053,604	-	-	6,053,604
Total Liabilities and Fund Balances	\$ 7,480,885	\$ 6,841,399	\$ 1,421,730	\$ 15,744,014

Total Governmental Fund Balances \$ 6,053,604

Amounts reported for governmental activities in the statement of net position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. The cost of capital assets is \$474,885 and the accumulated depreciation is \$314,547.	160,338
Deferred Outflows (Inflows) resulting from the recognition of the employer's share of the state's net pension and OPEB liability are not current financial resources; therefore, they are not reported on the fund financial statements.	(1,011,746)
Long-term liabilities, including compensated absences \$147,448, capital leases \$138,313, net pension liability \$1,335,389 and net OPEB liability \$2,351,252 are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	(3,972,402)
Net Position of Governmental Activities	\$ 1,229,794

The accompanying notes are an integral part of these financial statements.

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

COLUMBIA, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -

GOVERNMENTAL FUNDS

FOR FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Funds		Total Governmental Funds
		Special Projects	Education Improvement Act	
Revenues				
Local Sources	\$ 81,153	\$ 359,343	\$ 630	\$ 441,126
Intergovernmental	3,953,645	5,905	-	3,959,550
State Sources	110,110,348	3,069,789	110,024,767	223,204,904
Federal Sources	-	9,192,946	-	9,192,946
Total Revenues	114,145,146	12,627,983	110,025,397	236,798,526
Expenditures				
Current:				
Support Services	3,434,873	495,248	182,588	4,112,709
Intergovernmental	110,320,334	12,132,735	109,842,809	232,295,878
Capital Outlay	69,987	-	-	69,987
Total Expenditures	113,825,194	12,627,983	110,025,397	236,478,574
Excess/(Deficiency) of Revenues over Expenditures	319,952	-	-	319,952
Fund Balance July 1, 2017	5,733,652	-	-	5,733,652
Fund Balance June 30, 2018	\$ 6,053,604	\$ -	\$ -	\$ 6,053,604
Total Change in Fund Balances - Governmental Funds				\$ 319,952

Amounts reported for governmental activities in the statement of activities are different because of the following:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$74,048 exceeded capital outlay of \$0 during the period.	(74,048)
Capital lease payments are an expenditure in the governmental funds, but the repayment reduces the outstanding capital lease obligations in the statement of net position.	58,542
In the statement of activities, certain operating expenses - compensated absences (vacation and sick pay) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick pay earned exceeded the amounts used.	(18,679)
In the statement of activities, retirement and pension expense is measured by the District's proportionate share of the SCRS pension and SCRHITF and SCLTDITF OPEB total expense. In the governmental funds, however, the expenditure for retirement is measured by the current contributions to the retirement and pension system. The amount presented is the difference in the accounting for these costs during the current year.	241,280
Change in Net Position of Governmental Activities	<u>\$ 527,047</u>

The accompanying notes are an integral part of these financial statements.

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The South Carolina Public Charter School District (the District) was created by an Act of the General Assembly of the State of South Carolina and organized under the South Carolina Charter School Act. The District was created in 2007 through the passing of the South Carolina Charter School Act. The District's schools include both traditional brick-and-mortar schools, as well as virtual schools, all of which operate in the State of South Carolina.

A. Reporting Entity

The District's financial statements include all funds over which the Board is considered to be financially accountable. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. The District is not included in any other governmental reporting entity because it does not meet the financial accountability criteria for inclusion established by governmental accounting standards. Board members have decision-making authority, the power to designate management, the ability to significantly influence operations and the primary accountability for fiscal matters.

In general, any reference to the District in these financial statements is meant to reference the District as a standalone entity and not the component unit schools that operated within the District.

Discretely Presented Component Units - Component units are legally separate organizations for which the District is fiscally accountable. There are thirty-nine charter schools in the District: Brashier Middle College, Bridges Preparatory School, Calhoun Falls Charter School, Cape Romain Environmental Education Charter School, Coastal Leadership Academy, Cyber Academy of South Carolina, East Point Academy, Felton Laboratory Charter School, Fox Creek High School, Gray Collegiate Academy, GREEN Charter School, GREEN Charter School of the Midlands, Greenville Technical Charter High School, Greer Middle College, High Point Academy, Lead Academy, Legacy Early College, Lowcountry Leadership Charter School, Lowcountry Montessori School, Mevers School of Excellence, Meyer Center, Midlands Middle College, Midlands STEM Institute, NEXT High School (two campus'), Oceanside Collegiate Academy, Palmetto Scholars Academy, Pee Dee Math, Science, and Technology Academy, Odyssey Online Learning, Quest Leadership Academy, Riverwalk Academy, Royal Live Oaks Academy, South Carolina Connections Academy, Inc., South Carolina Science Academy, South Carolina Virtual Charter School, South Carolina Whitmore School, Spartanburg Preparatory School, Tall Pines STEM Academy, York Preparatory Academy, and Youth Leadership Academy, which are considered to be component units, because the District approved their charters and provides the majority of the funding for them.

Brashier Middle College, Bridges Preparatory School, Calhoun Falls Charter School, Cape Romain Environmental Education Charter School, Coastal Leadership Academy, Cyber Academy of South Carolina, East Point Academy, Felton Laboratory Charter School, Fox Creek High School, Gray Collegiate Academy, GREEN Charter School, GREEN Charter School of the Midlands, Greenville Technical Charter High School, Greer Middle College, High Point Academy, Lead Academy, Legacy Early College, Lowcountry Leadership Charter School, Lowcountry Montessori School, Mevers School of Excellence, Meyer Center, Midlands Middle College, Midlands STEM Institute, NEXT High School (two campus'), Oceanside Collegiate Academy, Palmetto Scholars Academy, Pee Dee Math, Science, and Technology Academy, Odyssey Online Learning, Quest Leadership Academy, Riverwalk Academy, Royal Live Oaks Academy, South Carolina Connections Academy, Inc., South Carolina Science Academy, South Carolina Virtual Charter School, South Carolina Whitmore School, Spartanburg Preparatory School, Tall Pines STEM Academy, York Preparatory Academy, and Youth Leadership Academy, are public charter schools, based on the guidelines of the South Carolina Charter Schools Act of 1996. The charter schools exclusively serve the District and the charter schools' authorization remains under the jurisdiction of the District's Board of Trustees and the District Superintendent.

South Carolina State Department of Education reporting regulations require that charter schools be discretely presented in the basic financial statements and therefore, are not included in the supplementary schedules. The District has complied with this reporting format and the supplementary schedules for each individual charter school are included in their respective audited financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation

The Governmental Accounting Standards Board issued guidance on determining the Financial Reporting Entity. Effective for the period beginning after June 15, 2012, the guidance determines whether certain organizations (such as parent-teacher organizations, foundations and athletic booster clubs) for which the District is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. The District has determined that there are no support entities that meet the requirements for inclusion as a discretely component unit.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The statements of the District are presented as follows:

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the District and the aggregate financial activities of all component units. For the most part, the effect of interfund activity has been removed from these statements. The District's activities are governmental activities generally financed through intergovernmental revenues and other non-exchange transactions.

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements include a reconciliation, with brief explanations, to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The District has no non-major funds.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

C. Measurement Focus and Basis of Accounting

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are governmental in nature.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental Funds

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is separated as fund balance. The general fund and special revenue funds are the District's major governmental funds and are described as follows:

General Fund - to account for all financial transactions not properly accounted for in another fund. The District uses this fund to account for expenditures principally for administration, pupil services, operation, maintenance of plant and related fixed charges and flow through funding for schools.

Special Revenue Funds - to account for the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes for the District's schools or for District administration of certain programs. The School District has two special revenue funds:

- 1) The Education Improvement Act (EIA) Fund, a budgeted fund used to account for the revenue from the Education Improvement Act of 1984 and legally required to be accounted for as a specific revenue source.
- 2) Special Projects Fund, a budgeted fund used to account for financial resources provided by federal, state, and local projects and grants which are legally restricted for a specified purpose.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. On the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. Under the modified accrual basis of accounting, revenues and expenditures are recognized when they become both measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of its fiscal year-end.

The District follows the Governmental Accounting Standards for, Accounting and Financial Reporting for Non-Exchange Transactions, to account for non-exchange revenues. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: interest, tuition, grants, student fees and rentals.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period are also reported as unearned revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The effect of interfund activity has been eliminated from the government-wide financial statements.

D. Assets, Liabilities and Equity

Cash and Cash Equivalents - The District may have cash presented on the financial statements which include cash held in local financial institutions and certificates of deposit held in local financial institutions. The District considers cash equivalents to be those with a maturity of six months or less.

Receivables and Payables - During the course of operations, numerous transactions occur between individual funds and between the District and vendors for goods provided or services rendered. On fund financial statements, these receivables and payables, if containing a balance at the end of the fiscal year, are classified as "due from other funds" or "accounts receivable" or "due to other funds" or "accounts payable" on the balance sheet. The fund amounts are eliminated in the governmental activities column of the statement of net position.

Prepaid Items - Payments made to vendors for services benefiting future periods, if any, are recorded as prepaid items in both government-wide and fund financial statements using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets - Capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets, if any, are recorded at their fair market values as of the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets are depreciated other than land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Furniture and Equipment	5 Years
Software	3 Years

Unearned Revenue - Unearned revenues in the governmental funds include amounts received from grant and contract sponsors that have not yet been earned. These unearned revenues from grants are considered to be a liability to the District rather than deferred inflows of resources since the eligibility requirements of the grants have not been met.

Compensated Absences - The District reports compensated absences in accordance with the provisions of Governmental Accounting Standards. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. The entire compensated absence liability attributable to all School District employees is reported on the government-wide financial statements. Generally, annual (vacation) leave may be accumulated (for eligible full-time permanent or probationary) up to a maximum of forty-five days.

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has items that qualify for reporting in this category. For the items related to the District's proportionate share of the SCRS net pension liability and the net OPEB liability, see Note 6 for Pension Plans and Note 7 for OPEB Plans.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has items reported in the government-wide statement of net position in relation to its proportionate share of the SCRS net pension liability and the net OPEB liability; see Note 6 for Pension Plans and Note 7 for OPEB Plans.

Pensions - The Governmental Accounting Standards Board (GASB) issued guidance on Accounting and Financial Reporting for Pension Plans in June 2012. The disclosure requirements applicable to employers participating in the South Carolina Retirement System or the Police Officers Retirement System are prescribed in the standards. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System and additions to/deductions from the South Carolina Retirement System's fiduciary net position have been determined on the same basis as they are reported by the South Carolina Retirement System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances and Net Position - The District follows Governmental Accounting Standards regarding Fund Balance Reporting and Governmental Fund Type Definitions. There are five classifications of governmental fund balances: nonspendable, restricted, committed, assigned and unassigned. Where applicable, these classifications are presented on the face of the governmental funds balance sheet.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

For the government-wide financial statements, the District applies restricted resources when an expenditure is incurred for the purposes for which both restricted and unrestricted net assets are available. For the governmental funds financial statements, the District applies committed, then assigned, then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation and the outstanding balances of any borrowings used for the acquisition, construction or improvement of the unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District reports the residual of assets and deferred outflows of resources over liabilities and deferred inflows of resources to be reported as net position rather than as net assets in a statement of financial position.

The District has elements of the statement of financial position that require to be reported as deferred outflows or deferred inflows of resources at June 30, 2018. These elements relate to the pension liability.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the District's financial position and results of operations and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Budgetary Accounting - As required by state law and as promulgated by the State Department of Education, an annual operating budget is adopted for the general fund. When the Board adopts the budget, it is adopted at the fund, function and departmental level of budgetary control as presented in the accompanying financial statements. Because expenditures may not legally exceed budgeted appropriations, supplemental budget appropriations are made by the Board for expenditures exceeding total appropriations within the legal level of control. The legal level of control is at the fund level.

The general fund budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, which is consistent with actual financial statement results, including significant accruals to provide meaningful comparisons.

2. CASH AND INVESTMENTS

The District is authorized by South Carolina state law to invest in the following types of investments:

1. Obligations of the United States and agencies thereof.
2. General obligations of the State of South Carolina or any of its political units.
3. Banks and savings and loan associations to the extent they are guaranteed by the Federal Deposit Insurance Corporation.
4. Deposits in certificates of deposit where the certifications are collaterally secured by securities of the type described in (1) and (2) above held by a third party as an escrow agent or custodian, of a market value not less than the amount of the certificate of deposit so secured, including interest.
5. The State Treasurer's Local Government Investment Pool (monitored by the State Treasurer for investments invested in government guaranteed securities in accordance with South Carolina State laws).
6. Repurchase agreements.

At June 30, 2018, the carrying amount of the District's deposits was \$4,454,010 and the bank balance was \$4,496,782.

At June 30, 2018, the District had investments that included certificates of deposits held in an account with BB&T Scott & Stringfellow, a division of BB&T Securities, LLC. An investment of \$2,500,000 was divided among ten certificates of deposit, each held at separate banks for \$250,000. The interest rates ranges from 1.05% to 2.75%. The maturities vary and range from six to twenty-four months.

2. CASH AND INVESTMENTS (Continued)

Interest on the certificates of deposit are included in a separate account as part of the Insured Deposit Program. These monies are held in interest-bearing deposit accounts at Branch Banking & Trust Company and are eligible for FDIC insurance coverage per depositor per institution. The total amount of investments at June 30, 2018 was \$2,536,794. The amount on deposit does not exceed FDIC insurance.

Custodial Credit Risk - Custodial credit risk is the risk that the District's deposits will not be returned to it. At June 30, 2018, all of the District's deposits were collateralized with securities held by the pledging financial institution's trust department or its agent, and in the District's name or insured by the Federal Deposit Insurance Corporation. Management believes there is no significant custodial credit risk associated with these deposits.

Credit Risk - South Carolina statutes authorized investments in certificates of deposit, savings accounts, repurchase agreements, the State Treasurer's Local Government Investment Pool, obligations of the U. S. Government and government agencies unconditionally guaranteed by the U. S. Government. The District has no investment policy that would further restrict its choices.

Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

3. DUE FROM STATE DEPARTMENT OF EDUCATION AND FEDERAL AGENCIES

Intergovernmental receivables at June 30, 2018 consisted primarily of reimbursable expenditures. All governmental receivables are considered collectible in full due to the stable condition of State programs and the current year guarantee of federal revenues.

Governmental Activities

Due from Federal Agencies

Title I	\$ 4,148,628
IDEA	2,081,196
C.A.T.E.	132,171
Improving Teacher Quality	216,345
Language Instruction for Limited English Proficient and Immigrant Students, Title III	12,989
21st Century Community Learning Centers	132,007
Medicaid	35,764

Total Due from Federal Agencies	\$ 6,759,100
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Due from State Department of Education

EIA	\$ 242,358
Other	75,081

Total Due from State Department of Education	\$ 317,439
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Governmental funds report unearned revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance, July 01, 2017	Additions/ Transfers	Disposals/ Transfers	Balance, June 30, 2018
Governmental Activities				
Capital Assets, Being Depreciated				
Furniture and Equipment	\$ 385,179	\$ -	\$ -	\$ 385,179
Leasehold Improvements	5,018	-	-	5,018
Software	84,688	-	-	84,688
Total Capital Assets at Historical Costs	474,885	-	-	474,885
Less Accumulated Depreciation				
Furniture and Equipment	153,374	73,212	-	226,586
Leasehold Improvements	2,439	836	-	3,275
Software	84,686	-	-	84,686
Total Accumulated Depreciation	240,499	74,048	-	314,547
Governmental Activities, Capital Assets, Net	\$ 234,386	\$ (74,048)	\$ -	\$ 160,338

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Support Services	\$ 74,048
Total Governmental Activities	\$ 74,048

5. LONG-TERM OBLIGATIONS

Long-term obligations at June 30, 2018 consist of capital lease obligations and compensated absences. A summary of changes in long-term obligations is as follows:

	Amounts Outstanding June 30, 2017	Additions	Deletions	Amounts Outstanding June 30, 2018	Amounts Due in One Year
Capital Lease Obligations	\$ 196,855	\$ -	\$ 58,542	\$ 138,313	\$ 60,323
Compensated Absences	128,769	18,679	-	147,448	29,118
Total	\$ 325,624	\$ 18,679	\$ 58,542	\$ 285,761	\$ 89,441

The District's capital lease obligation is reported in the government-wide statement of net position at the present value of the future minimum lease payments as of June 30, 2018. The minimum lease obligation and net present value of these minimum lease payments as of June 30, 2018, are as follows:

Year Ending June 30,	
2019	\$ 63,807
2020	63,807
2021	15,950
Total Minimum Lease Payments	143,564
Less: Amount Representing Interest	(5,251)
Present Value of Net Minimum Lease Payments	\$ 138,313

6. PENSION PLANS

The District participates in the South Carolina Retirement System (SCRS) and the State Optional Retirement Program (State ORP). The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an eleven member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustees and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems (Systems) and serves as a co-trustee of the Systems in conducting that review. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board of Directors as the Custodian of the Retirement Trust Funds and assigned SC PEBA and the Retirement Systems Investment Commission (RSIC) as co-trustees of the Retirement Trust Funds.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the State.

Plan Descriptions

- The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.
- The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers.

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- **SCRS** - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- **State ORP** - As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (State ORP), which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP assets are not considered part of the retirement systems' trust funds for financial statement purposes. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution and a portion of the employer contribution (5 percent).

6. **PENSION PLANS** (Continued)

A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of the benefit terms for each system is presented below.

- **SCRS** - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the percentage rate in SCRS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS. An increase in the contribution rates adopted by the Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the Board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; this increase is not limited to one-half of one percent per year.

If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than ninety percent, then the Board, effective on the following July 1st, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than ninety percent. Any decrease in contribution rates must maintain the 2.9 and 5 percent differentials between the SCRS employer and employee contribution rates, respectively. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than ninety percent, then effective on the following July 1st, and annually thereafter as necessary, the Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 90 percent.

The Retirement System Funding and Administration Act increases employer contribution rates to 13.56 % for SCRS, effective July 1, 2017. It also removes the 2.90% and 5.00% differential and increases and establishes a ceiling on employee contribution rates at 9.00% for SCRS. The employer contribution rates will continue to increase annually by 1.00% through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56% for SCRS. The amortization period is scheduled to be reduced one year for each of the next ten years to a twenty year amortization schedule. The recent pension reform legislation also changes the long term funded ratio requirement from ninety to eighty-five.

6. PENSION PLANS (Continued)

Required employee contribution rates, as calculated on earnable compensation as defined by Title 9 of the South Carolina Code of Laws, are as follows:

	2018	2017
SCRS		
Employee Class Two	9.00%	8.66%
Employee Class Three	9.00%	8.66%
State ORP		
Employee	9.00%	8.66%

Required employer contribution rates, as calculated on earnable compensation as defined by Title 9 of the South Carolina Code of Laws, are as follows:

	2018	2017
SCRS		
Employer Class Two	13.41%	11.41%
Employer Class Three	13.41%	11.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contribution**	13.41%	11.41%
Employer Incidental Death Benefit	0.15%	0.15%

** Of this employer contribution of 13.41%, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

The District's contributions to the SCRS and ORP for the last three fiscal years were as follows:

	2018	2017	2016
SCRS			
Employee Contributions	\$ 110,761	\$ 87,920	\$ 123,836
Employer Contributions	165,033	115,838	165,571
Employer Incidental Death Benefit Contributions	1,846	1,523	2,276
Employer Retiree Insurance Surcharge	67,687	54,112	80,888
ORP			
Employee Contributions	\$ 38,280	\$ 38,847	\$ 13,576
Employer Contributions	35,770	28,754	18,151
Employer Incidental Death Benefit Contributions	638	673	250
Employer Retiree Insurance Surcharge	23,393	23,909	8,867

The District contributed 100% of the required contributions for the current year and each of the two preceding years.

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015.

6. **PENSION PLANS** (Continued)

The June 30, 2017, total pension liability (TPL), net pension liability (NPL), and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS), and are based on an actuarial valuation performed as of July 1, 2016. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end June 30, 2017, using generally accepted actuarial principles. The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017, and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward total pension liability for the assumption change as of the measurement date of June 30, 2017.

The following provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2017:

	SCRS
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return*	7.25%
Projected Salary Increases	3.00% to 12.50% (varies by service)*
Benefit Adjustments	Lesser of 1.00% or \$500 annually
* Includes Inflation at 2.25%	

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Assumptions used in the determination of the June 30, 2017, total pension liability are as follows:

Former Job Class	Males	Females
Educators	2016 PRSC Males Multiplied by 92%	2016 PRSC Females Multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males Multiplied by 100%	2016 PRSC Females Multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males Multiplied by 125%	2016 PRSC Females Multiplied by 111%

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability (TPL) determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2017, for SCRS is presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position As a Percentage of the Total Pension Liability
SCRS	\$ 48,244,437,494	\$ 25,732,829,268	\$ 22,511,608,226	53.30%

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net pension liability is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

6. PENSION PLANS (Continued)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 30 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00% real rate of return and a 2.25% inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity	45.00%		
Global Public Equity	31.00%	6.72%	2.08%
Private Equity	9.00%	9.60%	0.86%
Equity Options Strategies	5.00%	5.91%	0.30%
Real Assets	8.00%		
Real Estate (Private)	5.00%	4.32%	0.22%
Real Estate (REITs)	2.00%	6.33%	0.13%
Infrastructure	1.00%	6.26%	0.06%
Opportunistic	17.00%		
GTAA/Risk Parity	10.00%	4.16%	0.42%
Hedge Funds (non-PA)	4.00%	3.82%	0.15%
Other Opportunistic Strategies	3.00%	4.16%	0.12%
Diversified Credit	18.00%		
Mixed Credit	6.00%	3.92%	0.24%
Emerging Markets Debt	5.00%	5.01%	0.25%
Private Debt	7.00%	4.37%	0.31%
Conservative Fixed Income	12.00%		
Core Fixed Income	10.00%	1.60%	0.16%
Cash and Short Duration (Net)	2.00%	0.92%	0.02%
Total Expected Real Return	100.00%		5.31%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.56%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Cod of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

6. **PENSION PLANS** (Continued)

Sensitivity Analysis

The following table presents the District's proportionate share of the SCRS using the discount rate of 7.25%, as well as what the Districts' net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.25%) or 1.00% higher (8.25%) than the current rate.

	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
School District's Proportionate Share of the Net Pension Liability (SCRS)	\$ 1,721,132	\$ 1,335,389	\$ 1,101,333

As of June 30, 2018, the District had \$22,358 in payables outstanding to the pension plans for its legally required contributions.

Pension Liabilities

At June 30, 2018, the District reported a liability of \$1,335,389 for its proportionate share of the net pension liability for the SCRS. The net pension liability of the defined benefit plan was determined based on the most recent actuarial valuation as of July 1, 2016, using membership as of that date projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2017. The districts proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. At June 30, 2017 measurement date, the District's proportionate share was 0.005932% for SCRS.

Pension Expense

For the year ended June 30, 2018, the District's proportionate share of collective pension expense was \$135,354. The District's total pension expense for the year ended June 30, 2018, was \$(160,280). Additional items included in the total pension expense are the current period amortized portions of deferred outflows and/or inflows of resources related to changes in the District's proportionate share of the collective net pension liability and differences between actual employer contributions and proportionate share of total plan employer contributions. These two deferrals are specific to cost-sharing multiple employer defined benefit pension plans.

Deferred Outflows and Inflows of Resources

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 5,953	\$ 740
Changes of Assumptions	78,173	-
Net Difference Between Projected and Actual Investment Earnings	37,277	-
Changes in Proportionate Share and Differences Between District Contributions and Proportionate Share of Total Plan Employer Contributions	351,306	1,560,626
District Contributions Subsequent to the Measurement Date	203,287	-
	\$ 675,996	\$ 1,561,366

The amount of \$203,287 for SCRS reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

6. PENSION PLANS (Continued)

The following schedule reflects the amortization of the net balance of remaining deferred outflows and inflows of resources at the measurement date. Average remaining service lives of all employees provided with pensions through the pension plan at the measurement date was 4.073 years for SCRS, which is being used to amortize the difference between expected and actual experience and the changes in proportionate share of employer contributions. The difference between each year's projected and actual investment earnings is required to be amortized over a close, 5-year period.

Differences Between Expected and Actual Experience	
Measurement Period Ending June 30,	
2018	\$ 1,280
2019	1,280
2020	1,280
2021	1,280
2022	93
Net Balance of Deferred Outflows of Resources	\$ 5,213
Changes in Assumptions	
Measurement Period Ending June 30,	
2018	\$ 19,193
2019	19,193
2020	19,193
2021	19,193
2022	1,401
Net Balance of Deferred Outflows of Resources	\$ 78,173
Net Difference Between Projected and Actual Investment Earnings	
Measurement Period Ending June 30,	
2018	\$ 7,455
2019	7,455
2020	7,455
2021	7,455
2022	7,457
Net Balance of Deferred Outflows of Resources	\$ 37,277
Changes in Proportionate Share and Differences Between District Contributions and Proportionate Share of Total Plan Employer Contributions	
Measurement Period Ending June 30,	
2018	\$ (296,911)
2019	(296,911)
2020	(296,911)
2021	(296,911)
2022	(21,676)
Net Balance of Deferred Inflows of Resources	\$ (1,209,320)

6. PENSION PLANS (Continued)

Collective deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual pension plan investment earnings in difference measurement periods should be aggregated and included as a net collective deferred outflow of resources related to pensions or a net collective deferred inflow of resources related to pensions. Accordingly, the above schedules reflect the current net difference between projected and actual pension plan investment earnings. Additional items reported above result from the two cost-sharing multiple-employer defined benefit pension plan-specific deferrals.

Additional Financial and Actuarial Information

Detailed information regarding the fiduciary net position of the plan administered by PEBA is available in the separately issued CAFR containing financial statement and required supplementary information for SCRS. Additional actuarial information is available in the accounting and reporting actuarial valuation as of June 30, 2017.

7. OTHER POST-EMPLOYMENT BENEFITS

The South Carolina Public Employee Benefit Authority (PEBA) was created by the South Carolina General Assembly as part of Act No. 278 effective July 1, 2012. PEBA is a state agency responsible for the administration and management of the state's employee insurance programs, other postemployment benefits trusts and retirement systems and is part of the State of South Carolina primary government.

The governing board of PEBA is a board of 11 members. The membership composition is three members appointed by the Governor, two members appointed by the President Pro Tempore of the Senate, two members appointed by the Chairman of the Senate Finance Committee, two members appointed by the Speaker of the House of Representatives and two members appointed by the Chairman of the House Ways and Means Committee. Individuals appointed to the PEBA board must possess certain qualifications. Members of the PEBA board serve for terms of two years and until their successors are appointed and qualify. Terms commence on July first of even numbered years. The PEBA board appoints the Executive Director. The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of PEBA. By law, the State Fiscal Accountability Authority (SFFA), which consists of five elected officials, also reviews certain PEBA Board decisions in administering the State Health Plan and other post-employment benefits (OPEB).

Plan Descriptions

The Other Post-Employment Benefits Trust Funds (OPEB Trusts), which collectively refers to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), were established by the State of South Carolina as Act 195, which became effective in May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability Income Benefit Plan.

In accordance with Act 195, the OPEB Trusts are administered by the PEBA, Insurance Benefits, and the State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee.

The OPEB Trusts are cost-sharing multiple-employer defined benefit plans. Article 5 of the State Code of Laws defines the two plans and authorizes the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents.

Benefits

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15-24 years of service for 50% employer funding.

7. OTHER POST-EMPLOYMENT BENEFITS (Continued)

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public school districts and all participating local government entities. The SCLTDITF provides disability payments to eligible employees who have been approved for disability.

Contributions and Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits to be funded through annual appropriations by the General Assembly for active employees to the PEBA, Insurance Benefits and participating retirees to the PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the PEBA, Insurance Benefits. For active employees who are not funded by State General Fund appropriations, participating employers are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office. The covered payroll surcharge for the year ended June 30, 2017 was 5.33%. The South Carolina Retirement System collects the monthly surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF include mandatory transfers of accumulated PEBA, Insurance Benefits' reserves and income generated from investments. Employer contributions also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs.

The District's contractually required contribution rate for the year ended June 30, 2018 was 5.50% of covered employee payroll, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District for the SCRHITF and SCLTDITF were \$91,080 and \$734, respectively, for the year ended June 30, 2018. Employees are not required to contribute to the OPEB plan.

BLTD benefits are funded through a person's premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee was \$3.22 for the fiscal year ended June 30, 2017. The SCLTDITF premium is billed monthly by PEBA, Insurance Benefits and transferred monthly to the SCLTDITF. It is also funded through investment income.

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers should recognize revenue in an amount equal to the employer's proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from non-employer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

PEBA, Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trust Funds. This information is publicly available through the Insurance Benefits' link on PEBA's website at www.peba.sc.gov or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, OPEB Trust fund financial information is also included in the comprehensive annual financial report of the state.

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

7. OTHER POST-EMPLOYMENT BENEFITS (Continued)

The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used to include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2016
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	4.00, net of OPEB Plan investment expense; including inflation.
Single Discount Rate:	3.56% as of June 30, 2017.
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015.
Mortality:	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.
Health Care Trend Rate:	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend of 4.15% over a period of 15 years.
Aging Factors:	Based on plan specific experience.
Retiree Participation:	79% for retirees who are eligible for funded premiums.
Notes:	There were no benefit changes during the year; the discount rate changed from 2.5% as of June 30, 2016 to 3.56% as of June 30, 2017.

7. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Additional information as of the latest actuarial valuation for SCLTDITF:

Valuation Date:	June 30, 2016
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	4.00, net of OPEB Plan investment expense; including inflation.
Single Discount Rate:	3.87% as of June 30, 2017
Salary, Termination, and Retirement Rates:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015.
Disability Incidence:	The rates used in the valuation are based on the rates developed for the South Carolina Retirement Systems pension plans.
Disability Recovery:	For participants in payment, 1987 CGDT Group Disability; for active employees, 60% were assumed to recover after the first year and 92% were assumed to recover after the first two years.
Offsets:	40% are assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group.
Notes:	There were no benefit changes during the year; the discount rate changed from 3.74% as of June 30, 2016 to 3.87% as of June 30, 2017.

Roll Forward Disclosure

The actuarial valuation was performed as of June 30, 2016. Update procedures were used to roll forward the total OPEB liability to June 30, 2017.

Net OPEB Liability

The Net OPEB Liability (NOL) is calculated separately for each OPEB Trust Fund and represents that particular Trusts' Total OPEB Liability (TOL) determined in accordance with GASB No. 74 less that Trust's fiduciary net position. The allocation of each employer's proportionate share of the collective Net OPEB Liability and collective OPEB Expense was determined using the employer's payroll-related contributions over the measurement period. This method is expected to be reflective of the employer's long-term contribution effort as well as be transparent to individual employers and their external auditors.

The following table represents the components of the net OPEB liability as of June 30, 2017:

OPEB Trust	Total OPEB Liability	Plan Fiduciary Net Position	Employers' Net OPEB Liability (Asset)	Plan Fiduciary Net Position As a Percentage of the Total OPEB Liability
SCRHITF	\$ 14,659,610,970	\$ 1,114,774,760	\$ 13,544,836,210	7.60%
SCLTDITF	38,510,568	36,697,589	1,812,979	95.29%

The TOL is calculated by the Trusts' actuary, and each Trust's fiduciary net position is reported in the Trust's financial statements. The NOL is disclosed in accordance with the requirements of GASB No. 74 in the Trusts' notes to the financial statements and required supplementary information. Liability calculations performed by the Trusts' actuary for the purpose of satisfying the requirements of GASB Nos. 74 and 75 and are not applicable for other purposes, such as determining the Trusts' funding requirements.

7. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Single Discount Rate

The Single Discount Rate of 3.56% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

A Single Discount Rate of 3.87% was used to measure the total OPEB liability for the SCLTDITF. This Single Discount Rate was based on an expected rate of return on plan investments of 4.00% and a municipal bond rate of 3.56%. The projection of cash flows to determine this Single Discount Rate assumed that employer contributions will remain \$38.64 per year for each covered active employee. Based on these assumptions, the plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the year 2037. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2037, and the municipal bond rate was applied to all benefit payments after that date.

Long-Term Expected Rate of Return

The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. This information is summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.00%	2.09%	1.67%
Cash	20.00%	0.84%	0.17%
Total	100.00%		1.84%
Expected Inflation			2.25%
Total Return			4.09%
Investment Return Assumption			4.00%

Sensitivity Analysis

The following table presents the District's proportionate share of the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 3.56%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1.00% Decrease (2.56%)	Current Discount Rate (3.56%)	1.00% Increase (4.56%)
SCRHITF Net OPEB Liability	\$ 2,768,946	\$ 2,351,113	\$ 2,014,237

Regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the District's proportionate share of the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

7. OTHER POST-EMPLOYMENT BENEFITS (Continued)

	1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
SCRHITF Net OPEB Liability	<u>\$ 1,928,010</u>	<u>\$ 2,351,113</u>	<u>\$ 2,898,929</u>

The following table represents the District's proportionate share of the SCLTDITF's net OPEB liability calculated using a Single Discount Rate of 3.87%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1.00% Decrease (2.87%)	Current Discount Rate (3.87%)	1.00% Increase (4.87%)
SCLTDITF Net OPEB Liability	<u>\$ 248</u>	<u>\$ 139</u>	<u>\$ 33</u>

OPEB Liabilities and OPEB Expense

At June 30, 2018, the District reported a liability of \$2,351,252 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the District's proportion was 0.017358% for SCRHITF and 0.007686% for SCLTDITF.

For the year ended June 30, 2018, the District recognized OPEB expense of \$143,720.

Deferred Outflows and Inflows of Resources

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SCRHITF	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 1,020
Changes of Assumptions	-	221,229
Net Difference Between Projected and Actual Investment Experience	4,040	-
Changes in Proportionate Share and Differences Between District Contributions and Proportionate Share of Total Plan Contributions	-	32
District Contributions Subsequent to the Measurement Date	91,080	-
	<u>\$ 95,120</u>	<u>\$ 222,281</u>

7. OTHER POST-EMPLOYMENT BENEFITS (Continued)

	SCLTDITF	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ -	\$ 16
Net Difference Between Projected and Actual Investment Experience	67	-
District Contributions Subsequent to the Measurement Date	734	-
	<u>\$ 801</u>	<u>\$ 16</u>

\$91,080 (SCRHITF) and \$734 (SCLTDITF) reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as reductions of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Differences Between Expected and Actual Experience		
	SCRHITF	SCLTDITF
Amortization Period	7.2460	9.9570
Measurement Period Ending June 30,		
2018	\$ (141)	\$ -
2019	(141)	-
2020	(141)	-
2021	(141)	-
2022	(141)	-
Thereafter	(315)	-
Net Balance of Deferred Inflows of Resources	<u><u>\$ (1,020)</u></u>	<u><u>\$ -</u></u>

Assumption Changes		
	SCRHITF	SCLTDITF
Amortization Period	7.2460	9.9570
Measurement Period Ending June 30,		
2018	\$ (30,531)	\$ (2)
2019	(30,531)	(2)
2020	(30,531)	(2)
2021	(30,531)	(2)
2022	(30,531)	(2)
Thereafter	(68,574)	(6)
Net Balance of Deferred Inflows of Resources	<u><u>\$ (221,229)</u></u>	<u><u>\$ (16)</u></u>

7. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Changes in Proportionate Share and Differences Between District Contributions and Proportionate Share of Total Plan Contributions		
	SCRHITF	SCLTDITF
Amortization Period	7.2460	9.9570
Measurement Period Ending June 30,		
2018	\$ -	\$ (3)
2019	-	(3)
2020	-	(3)
2021	-	(3)
2022	-	(3)
Thereafter	-	(17)
Net Balance of Deferred Inflows of Resources	\$ -	\$ (32)
Difference Between Projected and Actual Investment Experience		
	SCRHITF	SCLTDITF
Amortization Period	5.0000	5.0000
Measurement Period Ending June 30,		
2018	\$ 808	\$ 13
2019	808	13
2020	808	13
2021	808	13
2022	808	15
Net Balance of Deferred Outflows of Resources	\$ 4,040	\$ 67

Additional Financial and Actuarial Information

Information in this note was compiled from the OPEB Trusts Funds' audited financial statement for the year ended June 30, 2017, and the accounting and financial reporting actuarial valuation as of June 30, 2017. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the OPEB Trusts Funds' audited financial statements.

8. INTERFUND ACTIVITY

Inter-fund receivables and payables are temporary loans between the funds and are subject to elimination in the government-wide statements.

Interfund balances at June 30, 2018 consisted of the following individual fund receivables and payables:

8. INTERFUND ACTIVITY (Continued)

	General Fund	Special Projects	EIA Fund	Total
Due From:				
General Fund	\$ -	\$ -	\$ 1,108,368	\$ 1,108,368
Special Projects	1,354,559	-	-	1,354,559
	<u>1,354,559</u>	<u>-</u>	<u>1,108,368</u>	<u>2,462,927</u>
Due to:				
General Fund	-	1,354,559	-	1,354,559
EIA Fund	1,108,368	-	-	1,108,368
	<u>1,108,368</u>	<u>1,354,559</u>	<u>-</u>	<u>2,462,927</u>
	<u>\$ 246,191</u>	<u>\$ (1,354,559)</u>	<u>\$ 1,108,368</u>	<u>\$ -</u>

9. RISK MANAGEMENT

The South Carolina Public Charter School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. The District pays premiums to a commercial insurer for general liability, property, worker's compensation and employee health and accident insurance.

The District believes coverages are sufficient for all reasonable risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage.

10. FUND BALANCES AND NET POSITION

The fund balances/net position and other credits have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

Governmental Fund Financial Statements

Fund Balance - Nonspendable - balances that by their nature are unable to be spent.

Fund Balances - Restricted - balances that can only be spent for the specific purpose stipulated by constitution, external resources providers, or through enabling legislation.

Fund Balances - Committed - balances that can only be used for the specific purpose determined by the Board. The Board must take a formal action during one of its meetings to establish, modify, or commit funds under the committed classification.

Fund Balances - Assigned - balances meant to be used for a specific purpose but don't meet the criteria as restricted or committed. For the District, the Board or any other governing authority above the Board may assign fund balances by formal action such as local school board vote, ordinance or law.

Fund Balances - Unassigned - balances that are spendable amounts not contained in other classifications.

Government-Wide Financial Statements

Net Investment in Capital Assets - represents the net cost less accumulated depreciation and outstanding debt less unexpended proceeds attributable to the investment in capital assets.

Restricted Net Position - represents net position restricted externally by creditors, grantors, contributors or laws and regulations of other governments; or restrictions imposed by law through constitutional provisions or enabling legislation.

10. FUND BALANCES AND NET POSITION (Continued)

Unrestricted Net Position - represents the remainder of the District's net position government-wide.

11. OPERATING LEASE

The District has an operating lease for office space. The lease commenced on September 1, 2013, and was to expire on August 31, 2018. However, on September 1, 2015, the District amended the lease agreement to increase the rented square footage from 9,560 to 11,304. The amended lease commenced on January 1, 2016 and will expire on July 31, 2020. Lease expense for the year ended June 30, 2018, totaled \$190,755.

Future minimum lease payments under the operating lease in excess of one year are:

Year Ending June 30,	
2019	\$ 196,407
2020	202,059
2021	<u>16,956</u>
Total Future Minimum Lease Payments	<u>\$ 415,422</u>

12. COMMITMENTS AND CONTINGENCIES

Contingencies - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State and Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

From time to time, the District may be party to various lawsuits arising out of the normal conduct of its operations. In the opinion of the District's management, the ultimate effect of these legal matters, if any, will not have a material adverse effect on the District's financial position.

The operations of the District are subject to administrative directives and rules and regulations of its federal and state funding sources. Such administrative directives, rules, regulations and funding levels are subject to change with little notice.

13. RESTATEMENT OF NET POSITION

Change in Accounting Principle - Effective July 1, 2017, the District adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of implementing GASBS 75, the District recorded a total net OPEB liability in the amount of \$2,511,518 as of June 30, 2016, which comprises the District's proportionate share of the net OPEB liability for the South Carolina Retiree Health Care Plan of \$2,511,465 and the South Carolina Basic Long-Term Disability Plan of \$53. The effect on this net OPEB liability reduced the net position of the District by \$2,432,941 (net of \$78,577, which represents employer contributions to the trusts during the fiscal year June 30, 2017). This change in accounting principle created a change in the net position as follows:

	Governmental Activities
Net Position, Beginning of Year	\$ 3,135,688
Adjust for Net OPEB Liability as of June 30, 2017	<u>(2,432,941)</u>
Net Position, Beginning of Year, As Restated	<u>\$ 702,747</u>

14. SUBSEQUENT EVENTS

The District evaluated the effects subsequent events would have on the financial statements through the date of the auditors' report, which is the date the financial statements were available for issuance.

On July 1, 2018, ten charter schools transferred from the District to The Charter Institute at Erskine. These ten schools were: Calhoun Falls Charter School, Coastal Leadership Academy, Cyber Academy, Gray Collegiate Academy, Mevers School of Excellence, Midlands STEM Institute, Oceanside Collegiate Academy, Odyssey Online Learning, Royal Live Oaks Academy, and South Carolina Virtual Charter School.

On July 1, 2018, six charter schools: Bettis Preparatory Academy, East Light Academy, East Link Academy, Lakes and Bridges Charter School, Midlands Arts Conservatory, and Polaris Tech officially opened as charter schools authorized by and under the jurisdiction of the District's Board of Trustees. In September 2018, the Board of Trustees for the South Carolina Public Charter School District revoked the charter for East Light Academy. The school is currently in the process of dissolution.

15. COMPONENT UNIT INFORMATION

South Carolina Science Academy was closed effective June 30, 2018. South Carolina Science Academy did not complete an audit for fiscal year ended June 30, 2018. Therefore, the school's audited financial statement information is not included in the component units presented herein.

Complete financial statements of the member schools of the District can be obtained by contacting:

Brashier Middle College
1830 West Georgia Rd., Bldg 203
Simpsonville, SC 29680

Meyer Center
1132 Rutherford Rd.
Greenville, SC 29609

Bridges Preparatory School
1100 Boundary Street
Beaufort, SC 29902

Midlands Middle College
1260 Lexington Drive
West Columbia, SC 29170

Calhoun Falls Charter School
205 Edgefield Street
Calhoun Falls, SC 29628

Midlands STEM Institute
112 Crane Street
Winnsboro, SC 29180

Cape Romain Environmental Education Charter School
1011 Old Cemetary Road
McClellanville, SC 29458

NEXT High School
2000 Wade Hampton Blvd.
Greenville, SC 29615

Coastal Leadership Academy
3710 Palmetto Pointe Boulevard
Myrtle Beach, SC 29588

Oceanside Collegiate Academy
711 Pickney Street
McClellanville, ,SC 29458

Cyber Academy of South Carolina
330 Pelham Road, Suite 101A
Greenville, SC 29615

Palmetto Scholars Academy
7499 Dorchester Road
North Charleston, SC 29418

East Point Academy
1401 Leaphart Street
West Columbia, SC 29169

Pee Dee Math, Science and Technology Academy
101 Docs Drive
Bishopville, SC 29010

Felton Laboratory Charter School
300 College Street
Orangeburg, SC 29117

Odyssey Online Learning
200 Arbor Lake Drive, Suite 301
Columbia, SC 29223

15. COMPONENT UNIT INFORMATION (Continued)

Fox Creek High School
165 Shortcut Road
North Augusta, SC 29860

Gray Collegiate Academy
3833 Leaphart Road
West Columbia, SC 29169

GREEN Charter School
1440 Pelham Road
Greenville, SC 29615

GREEN Charter School (Midlands)
7820 Broad River Rd.
Irmo, SC 29063

Greenville Technical Charter High School
506 S. Pleasantburg Drive, Bldg 119
Greenville, SC 29607

Greer Middle College
138 W. McElhaney Rd.
Taylors, SC 29687

High Point Academy
6655 Pottery Road
Spartanburg, SC 29303

Lead Academy
804 Mauldin Road
Greenville, SC 29607

Legacy Early College
900 Woodside Ave
Greenville, SC 29611

Lowcountry Leadership Charter School
5139 Gibson Road
Hollywood, SC 29449

Lowcountry Montessori School
749 Broad River Drive
Beaufort, SC 29906

Mevers School of Excellence
7750 Henry E. Brown Jr. Blvd.
Goose Creek, SC 29445

Quest Leadership Academy
29 Ridgeway Drive
Greenville, SC 29605

Riverwalk Academy
5750 Mt. Gallant Road
Rock Hill, SC 29732

Royal Live Oaks Academy
1398 Church Street
Hardeville, SC 29927

South Carolina Connections Academy
220 Stoneridge Drive, Suite 403
Columbia, SC 29210

South Carolina Virtual Charter School
140 Stoneridge Drive, Suite 420
Columbia, SC 29210

South Carolina Whitmore School
501 Commerce Drive NE
Columbia, SC 29223

Spartanburg Preparatory School
385 S. Spring Street
Spartanburg, SC 29306

Tall Pines STEM Academy
82 Camp Long Road
Aiken, SC 29805

York Preparatory Academy
1047 Golden Gate Ct.
Rock Hill, SC 29732

Youth Leadership Academy
698 Concord Church Road
Pickens, SC 29671

REQUIRED SUPPLEMENTAL SCHEDULES

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

COLUMBIA, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Local	\$ 26,916	\$ 26,916	\$ 81,153	\$ 54,237
State	99,941,573	99,941,573	110,110,348	10,168,775
Intergovernmental	3,951,155	3,951,155	3,953,645	2,490
Total Revenues	<u>103,919,644</u>	<u>103,919,644</u>	<u>114,145,146</u>	<u>10,225,502</u>
Expenditures				
Support Services	3,228,166	3,227,802	3,434,873	(207,071)
Intergovernmental	99,941,573	100,103,010	110,320,334	(10,217,324)
Capital Outlay	72,644	76,144	69,987	6,157
Total Expenditures	<u>103,242,383</u>	<u>103,406,956</u>	<u>113,825,194</u>	<u>(10,418,238)</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>\$ 677,261</u>	<u>\$ 512,688</u>	<u>319,952</u>	<u>\$ (192,736)</u>
Fund Balance July 1, 2017			<u>5,733,652</u>	
Fund Balance June 30, 2018			<u>\$ 6,053,604</u>	

This Schedule is presented as prescribed by the South Carolina State Department of Education and includes only the District's financial information. For information related to the Charter Schools, see separate audited financial statements of each School.

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

COLUMBIA, SOUTH CAROLINA

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - SCRS

LAST TEN FISCAL YEARS

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
SCRS										
District's proportion of the net pension liability (asset)	N/A*	N/A*	N/A*	N/A*	N/A*	\$2,121,342	\$2,036,217	\$2,689,116	\$3,548,512	\$1,335,389
District's proportionate share of the net pension liability (asset)	N/A*	N/A*	N/A*	N/A*	N/A*	0.011827%	0.011827%	0.014179%	0.016613%	0.005932%
District's covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	\$1,165,650	\$1,463,615	\$1,683,971	\$1,463,813	\$1,656,001
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	181.99%	139.12%	159.69%	242.42%	80.64%
Plan fiduciary net position as a percentage of the total pension liability	N/A*	N/A*	N/A*	N/A*	N/A*	56.39%	59.92%	56.99%	52.90%	53.30%
N/A* - Not Available										

Note:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Source: Audit report of employer allocations of the South Carolina Retirement System (SCRS) as administered by the SC Public Employee Benefit Authority for the year ended June 30, 2017.

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

COLUMBIA, SOUTH CAROLINA

SCHEDULE OF DISTRICT CONTRIBUTIONS - SCRS

LAST TEN FISCAL YEARS

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
SCRS										
Contractually required contribution	N/A*	N/A*	N/A*	N/A*	N/A*	\$ 113,820	\$ 144,803	\$ 177,929	\$ 146,788	\$ 203,287
Contributions in relation to the contractually required contribution	N/A*	N/A*	N/A*	N/A*	N/A*	\$ (113,820)	\$ (144,803)	(177,929)	(146,788)	(203,287)
Contribution deficiency (excess)	N/A*	N/A*	N/A*	N/A*	N/A*	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	\$ 1,165,650	\$ 1,463,615	\$ 1,683,971	\$ 1,463,813	\$ 1,656,001
Contributions as a percentage of covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	7.78%	8.60%	12.16%	8.86%	12.28%

N/A* - Not Available

Note:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Source: District quarterly retirement contribution reports.

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

COLUMBIA, SOUTH CAROLINA

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - SCRHIIF AND SCLTDITF

LAST TEN FISCAL YEARS

	Fiscal Year									
	2009*	2010*	2011*	2012*	2013*	2014*	2015*	2016*	2017	2018
SCRHIIF										
District's Proportion of Net OPEB Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$2,511,465	\$2,351,113
District's Proportionate Share of Net OPEB Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.017358%	0.017358%
District's Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,463,813	1,656,001
District's Proportionate Share of Net OPEB Liability as a Percentage of Its Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	171.57%	141.98%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7.60%
SCLTDITF										
District's Proportion of Net OPEB Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 53	\$ 139
District's Proportionate Share of Net OPEB Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.007686%	0.007686%
District's Covered-Employee Payroll (1)										
District's Proportionate Share of Net OPEB Liability as a Percentage of Its Covered-Employee Payroll										
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	95.29%

*** Note:**

This schedule is presented to illustrate the requirement to show information for ten (10) years. However, until a full ten year trend is compiled, information is presented for those years for which information is available.

(1): Long-term Disability is assessed per covered individual, not as a percentage of covered payroll.

Source:

Audit report on the Schedules of Employer and Non-Employer Entity Allocations and Other Post-Employment Benefit (OPEB) Amounts by Employer for the South Carolina Retiree Health Insurance and Long-Term Disability Insurance Trust Funds, as administered by the SC Public Employee Benefit Authority for the year ended June 30, 2017.

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

COLUMBIA, SOUTH CAROLINA

SCHEDULE OF DISTRICT CONTRIBUTIONS - SCRHTF AND SCLTDITF

LAST TEN FISCAL YEARS

	Fiscal Year									
	2009*	2010*	2011*	2012*	2013*	2014*	2015*	2016	2017	2018
SCRHTF										
Contractually Required Contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 89,756	\$ 78,021	\$ 91,080
Contributions in Relation to the Contractually Required Contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(89,756)	(78,021)	(91,080)
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$1,683,971	\$1,463,813	\$1,656,001
Contributions as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5.33%	5.33%	5.50%
SCLTDITF										
Contractually Required Contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 556	\$ 734
Contributions in Relation to the Contractually Required Contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(556)	(734)
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ -	\$ -
District's Covered-Employee Payroll (1)										
Contributions as a Percentage of Covered-Employee Payroll (1)										

*** Note:**

This schedule is presented to illustrate the requirement to show information for ten (10) years. However, until a full ten year trend is compiled, information is presented for those years for which information is available.

(1): Long-term Disability is assessed per covered individual, not as a percentage of covered payroll.

Source:

District Quarterly Retirement Contribution Reports and Health Insurance Reports

SUPPLEMENTAL SCHEDULES

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

COLUMBIA, SOUTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR FISCAL YEAR ENDED JUNE 30, 2018

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
1000 Revenue from Local Sources			
1500 Earnings on Investments			
1510 Interest on Investments	\$ 26,916	\$ 34,429	\$ 7,513
1900 Other Revenue from Local Sources			
1910 Rentals	-	18,240	18,240
1920 Contributions and Donations from Private Sources	-	26,500	26,500
1990 Miscellaneous Local Revenue			
1999 Revenue from Other Local Sources	-	1,984	1,984
Total Local Sources	26,916	81,153	54,237
2000 Intergovernmental Revenue			
2200 Payments from Public Charter Schools	3,951,155	3,953,645	2,490
Total Intergovernmental Revenue	3,951,155	3,953,645	2,490
3000 Revenue from State Sources			
3100 Restricted State Funding			
3180 Fringe Benefits Employer Contributions	22,529,617	25,128,545	2,598,928
3181 Retiree Insurance	741,364	1,338,442	597,078
3300 Education Finance Act (EFA)			
3330 Miscellaneous EFA Programs			
3392 NBC Excess EFA Formula	-	226,170	226,170
3399 Other EFA Programs	76,670,592	83,400,014	6,729,422
3900 Other State Revenue			
3993 PEBA On-Behalf	-	17,177	17,177
Total State Sources	99,941,573	110,110,348	10,168,775
Total Revenue All Sources	103,919,644	114,145,146	10,225,502
Expenditures			
200 Support Services			
220 Instructional Staff Services			
221 Improvement of Instruction Curriculum Development			
100 Salaries	-	2,906	(2,906)
140 Terminal Leave	-	1,055	(1,055)
200 Employee Benefits	-	1,056	(1,056)
300 Purchased Services	50,000	36,460	13,540
400 Supplies and Materials	1,500	1,199	301
223 Supervision of Special Programs			
100 Salaries	100,900	112,667	(11,767)
140 Terminal Leave	-	9,029	(9,029)
200 Employee Benefits	55,313	52,468	2,845
300 Purchased Services	114,168	139,014	(24,846)
400 Supplies and Materials	-	3,677	(3,677)
600 Other Objects	-	6,825	(6,825)
224 Improvement of Instruction Inservice and Staff Training			
300 Purchased Services	22,300	28,311	(6,011)
400 Supplies and Materials	-	804	(804)
600 Other Objects	4,500	351	4,149
230 General Administrative Services			
231 Board of Education			
300 Purchased Services	125,000	220,245	(95,245)
318 Audit Services	40,600	23,000	17,600
400 Supplies and Materials	1,250	16,413	(15,163)
600 Other Objects	25,000	11,488	13,512

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

COLUMBIA, SOUTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR FISCAL YEAR ENDED JUNE 30, 2018

		Final		Actual	Variance
		Budget			Favorable (Unfavorable)
Expenditures (Continued)					
232	Office of the Superintendent				
100	Salaries	\$ 328,450	\$	329,212	\$ (762)
200	Employee Benefits	94,406		104,842	(10,436)
300	Purchased Services	55,048		71,808	(16,760)
400	Supplies and Materials	8,200		51,716	(43,516)
600	Other Objects	10,000		933	9,067
233	School Administration				
200	Employee Benefits	-		28,142	(28,142)
300	Purchased Services	99,442		80,194	19,248
400	Supplies and Materials	10,000		2,429	7,571
250	Finance and Operations Services				
252	Fiscal Services				
100	Salaries	96,848		117,129	(20,281)
180	Head of Organizational Unit	117,300		116,725	575
200	Employee Benefits	26,170		38,957	(12,787)
280	Head of Organizational Unit	30,997		41,853	(10,856)
300	Purchased Services	74,192		50,854	23,338
400	Supplies and Materials	1,250		2,000	(750)
600	Other Objects	3,100		13,770	(10,670)
254	Operation and Maintenance of Plant				
300	Purchased Services	211,891		246,587	(34,696)
400	Supplies and Materials	22,000		10,753	11,247
500	Capital Outlay	3,500		-	3,500
257	Internal Services				
400	Supplies and Materials	-		1,010	(1,010)
260	Central Support Services				
262	Planning				
100	Salaries	402,696		354,853	47,843
140	Terminal Leave	-		3,083	(3,083)
180	Head of Organizational Unit	102,000		101,500	500
200	Employee Benefits	122,772		117,745	5,027
280	Head of Organizational Unit	-		33,866	(33,866)
300	Purchased Services	196,097		87,897	108,200
400	Supplies and Materials	2,000		3,120	(1,120)
600	Other Objects	-		3,711	(3,711)
263	Information Services				
100	Salaries	82,500		82,410	90
200	Employee Benefits	21,100		26,552	(5,452)
300	Purchased Services	23,142		35,318	(12,176)
400	Supplies and Materials	5,000		10,049	(5,049)
600	Other Objects	10,000		7,146	2,854
264	Staff Services				
100	Salaries	83,232		85,006	(1,774)
140	Terminal Leave	-		14,478	(14,478)
200	Employee Benefits	26,681		34,503	(7,822)
300	Purchased Services	21,122		21,415	(293)
400	Supplies and Materials	500		1,613	(1,113)
600	Other Objects	-		176	(176)
266	Technology and Data Processing Services				
100	Salaries	140,000		119,732	20,268
140	Terminal Leave	-		4,788	(4,788)
200	Employee Benefits	39,505		43,566	(4,061)
300	Purchased Services	193,130		259,178	(66,048)
400	Materials and Supplies	26,500		6,837	19,663
500	Capital Outlay	72,644		69,987	2,657
600	Other Objects	-		449	(449)
Total Support Services		3,303,946		3,504,860	(200,914)

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

COLUMBIA, SOUTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR FISCAL YEAR ENDED JUNE 30, 2018

	Final Budget	Actual	Variance Favorable (Unfavorable)
400 Other Charges			
410 Intergovernmental Expenditures			
411 Payments to State Department of Education			
720 Transits	\$ 161,437	\$ 96,654	\$ 64,783
416 Payments to Public Charter Schools			
720 Transits	99,941,573	110,223,680	(10,282,107)
Total Intergovernmental Expenditures	100,103,010	110,320,334	(10,217,324)
Total Expenditures	103,406,956	113,825,194	(10,418,238)
Excess/(Deficiency) of Revenues over Expenditures	<u>\$ 512,688</u>	319,952	<u>\$ (192,736)</u>
Fund Balance July 1, 2017		5,733,652	
Fund Balance June 30, 2018		<u>\$ 6,053,604</u>	

This Schedule is presented as prescribed by the South Carolina State Department of Education and includes only the District's financial information. For information related to the Charter Schools, see separate audited financial statements of each School.

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

COLUMBIA, SOUTH CAROLINA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR FISCAL YEAR ENDED JUNE 30, 2018

	Title I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	CATE (207/208)	Other Designated Restricted State Grants (900)	Other Special Revenue Programs (200/600/800)	Total
Revenues							
1000 Revenue from Local Sources							
1900 Other Revenue From Local Sources							
1930 Medicaid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 359,343	\$ 359,343
Total Local Sources	-	-	-	-	-	359,343	359,343
2000 Intergovernmental Revenue							
2100 Payments from Other Governmental Units	-	-	-	-	-	5,905	5,905
Total Intergovernmental Revenue	-	-	-	-	-	5,905	5,905
3000 Revenue from State Sources							
3100 Restricted State Funding							
3110 Occupational Education							
3118 EEDA Career Specialist	-	-	-	-	990,213	-	990,213
3120 General Education	-	-	-	-	122,675	-	122,675
3127 Student Health and Fitness - PE Teachers							
3130 Special Programs							
3135 Reading Coaches	-	-	-	-	1,026,462	-	1,026,462
3136 Student Health and Fitness - Nurses	-	-	-	-	543,829	-	543,829
3187 Teacher Supplies	-	-	-	-	385,185	-	385,185
3190 Miscellaneous Restricted State Grants							
3193 Education License Plates	-	-	-	-	875	-	875
3199 Other Restricted State Grants	-	-	-	-	-	550	550
Total State Sources	-	-	-	-	3,069,239	550	3,069,789
4000 Revenue from Federal Sources							
4200 Occupational Education							
4210 Perkins Aid, Title I - Career and Technical Education - Basic Grants to States	-	-	-	155,069	-	-	155,069
4300 Elementary & Secondary Education Act of 1965 (ESEA)							
4310 Title I, Basic State Grant Programs	4,921,480	-	-	-	-	121,970	5,043,450
4314 School Improvement Grant	-	-	-	-	-	475,801	475,801
4341 Language Instruction For Limited English Proficient and Immigrant Students, Title III	-	-	-	-	-	22,280	22,280
4351 Improving Teacher Quality	-	-	-	-	-	214,166	214,166

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

COLUMBIA, SOUTH CAROLINA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR FISCAL YEAR ENDED JUNE 30, 2018

	Title I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	CATE (207/208)	Other Designated Restricted State Grants (900)	Other Special Revenue Programs (200/600/800)	Total
Revenues (Continued)							
4500 Programs for Children with Disabilities	\$ -	\$ 3,048,011	\$ -	\$ -	\$ -	\$ 16,094	\$ 3,064,105
4510 Individuals with Disabilities Education Act (IDEA)	-	-	52,184	-	-	-	52,184
4520 Preschool Grants (IDEA)							
4800 USDA Reimbursement							
4810 School Lunch and After School Snacks Program, and Special Milk Program	-	-	-	-	-	14,820	14,820
4830 School Breakfast Program	-	-	-	-	-	1,948	1,948
4900 Other Federal Sources							
4924 21st Century Community Learning Centers Program (Title IV, 21st Century Schools)	-	-	-	-	-	149,123	149,123
Total Federal Sources	4,921,480	3,048,011	52,184	155,069	-	1,016,202	9,192,946
Total Revenue All Sources	4,921,480	3,048,011	52,184	155,069	3,069,239	1,382,000	12,627,983
Expenditures							
Support Services							
200 Support Services							
210 Pupil Activities							
211 Attendance and Social Work Services							
300 Purchased Services	5,976	-	-	-	-	-	5,976
220 Instructional Staff Services							
221 Improvement of Instruction Curriculum Development							
100 Salaries	-	972	-	-	-	-	972
223 Supervision of Special Programs							
100 Salaries	68,724	89,572	36,529	-	-	7,804	202,629
200 Employee Benefits	24,392	19,919	15,655	-	-	2,085	62,051
300 Purchased Services	71,297	99,337	-	-	-	44,854	215,488
224 Improvement of Instruction Inservice and Staff Training							
300 Purchased Services	-	4,657	-	-	-	-	4,657
230 General Administrative Services							
233 School Administration							
300 Purchased Services	-	296	-	-	-	-	296

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

COLUMBIA, SOUTH CAROLINA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR FISCAL YEAR ENDED JUNE 30, 2018

	Title I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	CATE (207/208)	Other Designated Restricted State Grants (900)	Special Revenue Programs (200/600/800)	Total
Expenditures (Continued)							
250 Finance and Operations Services	\$ 3,179	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,179
252 Fiscal Services							
100 Salaries	173,568	214,753	52,184	-	-	54,743	495,248
Total Support Services							
410 Intergovernmental Expenditures							
416 Payments to Public Charter Schools	4,747,912	2,833,258	-	155,069	3,069,239	1,327,257	12,132,735
720 Transits	4,747,912	2,833,258	-	155,069	3,069,239	1,327,257	12,132,735
Total Intergovernmental Expenditures							
Total Expenditures	4,921,480	3,048,011	52,184	155,069	3,069,239	1,382,000	12,627,983
Excess/(Deficiency) of Revenues over Expenditures	-	-	-	-	-	-	-
Fund Balance July 1, 2017	-	-	-	-	-	-	-
Fund Balance June 30, 2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

This Schedule is presented as prescribed by the South Carolina State Department of Education and includes only the District's financial information. For information related to the Charter Schools, see separate audited financial statements of each School.

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

COLUMBIA, SOUTH CAROLINA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND

SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS

FOR FISCAL YEAR ENDED JUNE 30, 2018

Subfund	Revenue	Programs	Revenues		Expenditures	Special Revenue		Special Revenue Fund Unearned
			In/(Out)	Interfund Transfers		Other Fund Transfers	In/(Out)	
917	3187	Teacher Supplies	\$	385,185	\$	385,185	\$	-
919	3193	Education License Plates		875	875	-	-	10
928	3118	EEDA Career Specialists		990,213	990,213	-	-	-
935	3135	Reading Coaches		1,026,462	1,026,462	-	-	-
936	3136	Student Health and Fitness - Nurses		543,829	543,829	-	-	-
937	3127	Student Health and Fitness - PE Teachers		122,675	122,675	-	-	-
			\$	3,069,239	\$	3,069,239	\$	10

This Schedule is presented as prescribed by the South Carolina State Department of Education and includes only the District's financial information. For information related to the Charter Schools, see separate audited financial statements of each School.

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

COLUMBIA, SOUTH CAROLINA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND

SUMMARY SCHEDULE FOR OTHER SPECIAL REVENUE PROGRAMS

FOR FISCAL YEAR ENDED JUNE 30, 2018

Subfund	Revenue	Programs	Revenues	Expenditures	Special Revenue Interfund Transfers In/(Out)	Special Revenue Other Fund Transfers In/(Out)	Special Revenue Fund Unearned
212	4510	Extended School Year Handicapped Services	\$ 16,094	\$ 16,094	-	\$ -	-
224	4924	21st Century Community Learning Centers Program (Title IV, 21st Century Schools)	149,123	149,123	-	-	-
234	4314	School Improvement Grant	475,801	475,801	-	-	-
237	4310	Title I - School Improvement	121,970	121,970	-	-	-
264	4341	Language Instruction for Limited English Proficient and Immigrant Students, Title III	22,280	22,280	-	-	-
267	4351	Improving Teacher Quality	214,166	214,166	-	-	-
280	1930	Medicaid	359,343	359,343	-	-	2,076
600	4810	School Lunch and After School Snacks Program	14,820	14,820	-	-	-
600	4830	School Breakfast Program	1,948	1,948	-	-	-
800	3199	Profoundly Mentally Disabled	550	550	-	-	-
803	2102	Payments from DHEC	5,905	5,905	-	-	3,291
			<u>\$ 1,382,000</u>	<u>\$ 1,382,000</u>	<u>-</u>	<u>\$ -</u>	<u>5,367</u>

*This Schedule is presented as prescribed by the South Carolina State Department of Education and includes only the District's financial information.
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SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT
COLUMBIA, SOUTH CAROLINA
SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2018

Revenues

1000	Revenue from Local Sources	
1900	Other Revenue from Local Sources	
1990	Miscellaneous Local Revenue	
1999	Revenue from Other Local Sources	\$ 630

Total Local Sources	630
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3000	Revenue from State Sources	
3500	Education Improvement Act (EIA)	
3502	ADEPT	57,860
3507	Aid to District Technology	310,237
3509	Arts in Education	46,968
3511	Professional Development	222,478
3518	Formative Assessments	66,654
3519	Grade 10 Assessments	139,596
3526	Refurbishment of K-8 Science Kits	78,720
3528	Industry Certifications/Credentials	10,000
3529	Career and Technology Education	475,329
3532	National Board Certification (NBC) Salary Supplement	510,325
3533	Teacher of the Year Awards	1,077
3538	Students at Risk of School Failure	2,387,586
3540	Early Childhood Program	552,532
3550	Teacher Salary Increase	3,126,561
3555	School Employer Contributions	506,333
3557	Summer Reading Program	152,193
3558	Reading	107,904
3571	Palmetto Priority Technical Assistance	120,000
3583	Charter School Funding	100,182,952
3587	IDEA MOE Tier I	447,797
3594	EEDA Supplemental Programs	43,719
3595	EEDA - Supplies and Materials - Career Awareness	52,891
3597	Aid to Districts	390,590
3599	Other EIA	34,465

Total State Sources	110,024,767
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Total Revenue All Sources	110,025,397
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Expenditures

200	Support Services	
220	Instructional Staff Services	
221	Improvement of Instruction Curriculum Development	
100	Salaries	34,000
400	Supplies and Materials	50,380
223	Supervision and Special Programs	
100	Salaries	3,839
300	Purchased Services	24,490
400	Supplies and Materials	69,879

Total Support Services	182,588
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SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT
COLUMBIA, SOUTH CAROLINA
SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2018

400 Other Charges	
410 Intergovernmental Expenditures	
416 Payments to Public Charter Schools	
720 Transits	109,842,809
Total Intergovernmental Expenditures	<u>109,842,809</u>
Total Expenditures	<u>110,025,397</u>
Excess/(Deficiency) of Revenues over Expenditures	-
Fund Balance July 1, 2017	<u>-</u>
Fund Balance June 30, 2018	<u><u>\$ -</u></u>

This Schedule is presented as prescribed by the South Carolina State Department of Education and includes only the District's financial information.

For information related to the Charter Schools, see separate audited financial statements of each School.

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

COLUMBIA, SOUTH CAROLINA

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE OF PROGRAM

FOR FISCAL YEAR ENDED JUNE 30, 2018

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Unearned
3500 Education Improvement Act:					
3502 ADEPT	\$ 57,860	\$ 57,860	\$ -	\$ -	\$ -
3507 Aid to District Technology	310,237	310,237	-	-	-
3509 Arts in Education	46,968	46,968	-	-	-
3511 Professional Development	222,478	222,478	-	-	-
3518 Formative Assessments	66,654	66,654	-	-	-
3519 Grade 10 Assessments	139,596	139,596	-	-	-
3526 Refurbishment of K-8 Science Kits	78,720	78,720	-	-	-
3528 Industry Certifications/Credentials	10,000	10,000	-	-	-
3529 Career and Technology Education	475,329	475,329	-	-	3,795
3532 National Board Certification (NBC) Salary Supplement	510,325	510,325	-	-	-
3533 Teacher of the Year Awards	1,077	1,077	-	-	-
3538 Students at Risk of School Failure	2,387,586	2,387,586	-	-	-
3540 Early Childhood Program	552,532	552,532	-	-	-
3550 Teacher Salary Increase	3,126,561	3,126,561	-	-	-
3555 School Employer Contributions	506,333	506,333	-	-	-
3557 Summer Reading Program	152,193	152,193	-	-	-
3558 Reading	107,904	107,904	-	-	-
3571 Palmetto Priority Technical Assistance	120,000	120,000	-	-	-
3583 Charter School Funding	100,182,952	100,182,952	-	-	39
3587 IDEA MOE Tier I	447,797	447,797	-	-	-
3594 EEDA Supplemental Programs	43,719	43,719	-	-	-
3595 EEDA - Supplies and Materials - Career Awareness	52,891	52,891	-	-	-
3597 Aid to Districts	390,590	390,590	-	-	-
3599 Other EIA	34,465	34,465	-	-	-
	\$ 110,024,767	\$ 110,024,767	\$ -	\$ -	\$ 3,834

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For information related to the Charter Schools, see separate audited financial statements of each School.*

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

COLUMBIA, SOUTH CAROLINA

**DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/
FEDERAL AGENCIES**

FOR FISCAL YEAR ENDED JUNE 30, 2018

Program	Grant or Project Number	Revenue & Subfund Code	Description	Amount Due	Status of Amounts Due to Grantors
Professional Development - FYE 6/30/2018	EIA Fund	3511/311	Unexpended Funds	\$ 0.58	Unpaid
Refurbishment of K-8 Science Kits - FYE 6/30/18	EIA Fund	3526/326	Unexpended Funds	4,410.76	Unpaid
National Board Certification (NBC) Salary Supplement - FYE 6/30/18	EIA Fund	3532/332	Unexpended Funds	9,503.25	Unpaid
Palmetto Priority Technical Assistance - FYE 6/30/18	EIA Fund	3571/371	Unexpended Funds	60,000.00	Unpaid
IDEA MOE Tier I - FYE 6/30/18	EIA Fund	3587/387	Unexpended Funds	2,988.22	Unpaid
Teacher Supplies - FYE 06/30/2018	Other Designated Restricted State Grants	3187/917	Unexpended Funds	365.00	Unpaid
Summer Reading Program - FYE 06/30/17	Other Designated Restricted State Grants	3177/926	Unexpended Funds	1,968.67	Unpaid
K-12 Technology Initiative - FYE 06/30/2017	Other Designated Restricted State Grants	3630/963	Unexpended Funds	494.19	Unpaid
Education Finance Act (EFA) - Student Count - FYE 06/30/18	EFA	3300/100	Overclaimed Cost	173,741.68	Unpaid
Total Due to State Department of Education				<u>\$ 253,472.35</u>	
Title I, Basic State Grant Programs	FY18	4310/201	Overclaimed Cost	\$ 12,539.27	Unpaid
Individuals with Disabilities Education Act (IDEA)	FY18	4510/203	Overclaimed Cost	222.64	Unpaid
School Improvement Grant	FY18	4314/234	Overclaimed Cost	309.50	Unpaid
Improving Teacher Quality	FY18	4351/267	Overclaimed Cost	8,444.39	Unpaid
Total Due to Federal Agencies				<u>\$ 21,515.80</u>	

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SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT
COLUMBIA, SOUTH CAROLINA
SCHEDULE OF TOTAL EXPENDITURES/DISBURSEMENTS
FOR ALL FUNDS - BY LOCATION
FOR FISCAL YEAR ENDED JUNE 30, 2018

Location ID	Location Description	Education Level	Cost Type	Total Expenditures
00	Districtwide	Non-Schools	Central	\$ 236,478,574
Total Expenditures/Disbursements for All Funds				<u><u>\$ 236,478,574</u></u>

The above expenditures are reconciled to the District's financial statements as follows:

General Fund (Subfund 100s)	\$ 113,825,194
Special Revenue Fund (Subfunds 200s, 800s, and 900s)	12,627,983
Special Revenue EIA Fund (Subfund 300s)	<u>110,025,397</u>
Total Expenditures/Disbursements for All Funds	<u><u>\$ 236,478,574</u></u>

This Schedule is presented as prescribed by the South Carolina State Department of Education and includes only the District's financial information. For information related to the Charter Schools, see separate audited financial statements of each School.

SINGLE AUDIT SECTION

PARTNERS

C.C. McGregor, CPA
1906–1968

G.D. Skipper, CPA
L.R. Leaphart, Jr, CPA
M.J. Binnicker, CPA
W.C. Stevenson, CPA
B.T. Knight, CPA

D.L. Richardson, CPA

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L.B. Salley, CPA

D.K. Strickland, CPA
J.P. McGuire, CPA
L.H. Kelly, CPA
J.R. Matthews II, CPA
C.D. Hinchee, CPA

G.P. Davis, CPA
H.J. Darver, CPA
H.O. Crider, Jr, CPA

ASSOCIATES

V.K. Laroche, CPA
G.N. Mundy, CPA
M.L. Layman, CPA
P.A. Betette, Jr, CPA
D.M. Herpel, CPA
F.C. Gillam, Jr, CPA

M.L. Goode, CPA
H.S. Mims, CPA
T. Solorzano, CPA
C.W. Bolen, CPA
L.T. Hewitt, CPA

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
South Carolina Public Charter School District
Columbia, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund of the South Carolina Public Charter School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the South Carolina Public Charter School District's basic financial statements and have issued our report thereon dated December 3, 2018. Our report includes a reference to other auditors. Other auditors audited the financial statements of Brashier Middle College, Bridges Preparatory School, Calhoun Falls Charter School, Cape Romain Environmental Education Charter School, Coastal Leadership Academy, Cyber Academy of South Carolina, East Point Academy, Felton Laboratory Charter School, Fox Creek High School, Gray Collegiate Academy, GREEN Charter School, GREEN Charter School of the Midlands, Greenville Technical Charter High School, Greer Middle College, High Point Academy, Lead Academy, Legacy Early College, Lowcountry Leadership Charter School, Lowcountry Montessori School, Mevers School of Excellence, Meyer Center, Midlands Middle College, Midlands STEM Institute, NEXT High School (two campus'), Oceanside Collegiate Academy, Palmetto Scholars Academy, Pee Dee Math, Science, and Technology Academy, Odyssey Online Learning, Quest Leadership Academy, Riverwalk Academy, Royal Live Oaks Academy, South Carolina Connections Academy, Inc., South Carolina Science Academy, South Carolina Virtual Charter School, South Carolina Whitmore School, Spartanburg Preparatory School, Tall Pines STEM Academy, York Preparatory Academy, and Youth Leadership Academy, as described in our report on the District's financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered South Carolina Public Charter School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of South Carolina Public Charter School District's internal control. Accordingly, we do not express an opinion on the effectiveness of South Carolina Public Charter School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-002 and 2018-003 to be material weaknesses.

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A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-001 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Carolina Public Charter School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2018-002 and 2018-003.

South Carolina Public Charter School District's Response to Findings

South Carolina Public Charter School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. South Carolina Public Charter School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McGregor & Company, LLP

Columbia, South Carolina
December 3, 2018

PARTNERS

C.C. McGregor, CPA
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
South Carolina Public Charter School District
Columbia, South Carolina

Report on Compliance for Each Major Federal Program

We have audited the South Carolina Public Charter School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the South Carolina Public Charter School District's major federal programs for the year ended June 30, 2018. South Carolina Public Charter School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of South Carolina Public Charter School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about South Carolina Public Charter School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of South Carolina Public Charter School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the South Carolina Public Charter School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 20018-002 and 2018-003. Our opinion on each major federal program is not modified with respect to these matters.

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South Carolina Public Charter School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. South Carolina Public Charter School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of South Carolina Public Charter School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered South Carolina Public Charter School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of South Carolina Public Charter School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-002 and 2018-003, that we consider to be material weaknesses.

South Carolina Public Charter School District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. South Carolina Public Charter School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McGregor Company, LLP

Columbia, South Carolina
December 3, 2018

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

I. Summary of Auditors' Results

Financial Statements

- | | |
|---|------------|
| (a.) Type of Auditors' Report: | Unmodified |
| (b.) Internal control over financial reporting: | |
| 1) Material weaknesses identified: | Yes |
| 2) Significant deficiencies identified that are not considered to be material weaknesses: | Yes |
| (c.) Noncompliance material to financial statements noted: | No |

Federal Awards

- | | |
|--|------------|
| (a.) Internal control over major programs: | |
| 1) Material weaknesses identified: | Yes |
| 2) Significant deficiencies identified that are not considered to be material weaknesses: | No |
| (b.) Type of auditors' report issued on compliance for major programs: | Unmodified |
| (c.) Audit findings that are required to be reported in accordance with Government Auditing Standards 2 CFR 200.516(a) : | Yes |
| (d.) Identification of major program: | |

- | | CFDA Numbers | Name of Federal Program or Cluster | |
|---|---------------------|--|-----------|
| | 84.027, 84.173 | Special Education Cluster (IDEA) | |
| | 84.010 | Title I Grants to Local Educational Agencies | |
| (e.) Dollar threshold used to distinguish between Type A and Type B Programs: | | | \$750,000 |
| (f.) Auditee qualified as low risk auditee? | | | No |

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

**II. Findings Relating to the Basic Financial Statements Reported in
Accordance with *Government Auditing Standards*:**

FINDING 2018-001 (Internal Control – Significant Deficiency) – Disbursements

- *Criteria*
 - o Sound internal control over financial reporting requires that there be in place adequate controls over the selection and application of accounting principles that are in conformity with U. S. Generally Accepted Accounting Principles and there is an effective internal control environment and oversight of the District's financial reporting.
- *Condition/Effect*
 - o During our audit, we noted that the District does not have sound internal controls surrounding the payment, processing and approval of the cash disbursement function. There is potential for errors to occur in the cash disbursement process and not be detected by employees performing their assigned functions.
- *Cause*
 - o The District's procedures that were in place for cash disbursements were not being followed as designed.
- *Identification of a Repeat Findings*
 - o Repeat finding from previous audit, 2017-002
- *Recommendation*
 - o Management should ensure procedures and internal controls over cash disbursements are being followed within the guidelines established in the District's policies.

FINDING 2018-002 (Internal Control and Compliance – Material Weakness) – Subrecipient Monitoring - Support of Federal Salaries and Wages – Individuals with Disabilities Act (IDEA) - CFDA 84.027 (Major Program) and Title I Grants to Local Educational Agencies – CFDA 84.010 (Major Program)

See Findings and Questioned Costs Relating to Federal Awards Finding 2018-002 below as it relates to the financial statements reported in accordance with *Government Auditing Standards*.

FINDING 2018-003 (Internal Control and Compliance – Material Weakness) – Unallowable Costs – Title I Grants to Local Educational Agencies – CFDA 84.010 (Major Program) and Improving Teacher Quality (Title II, Part A) – CFDA 84.367

See Findings and Questioned Costs Relating to Federal Awards Finding 2018-003 below as it relates to the financial statements reported in accordance with *Government Auditing Standards*.

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

III. Findings and Questioned Costs Relating to Federal Awards

FINDING 2018-002 (Internal Control and Compliance – Material Weakness) – Subrecipient Monitoring - Support of Federal Salaries and Wages – Individuals with Disabilities Act (IDEA) - CFDA 84.027 (Major Program) and Title I Grants to Local Educational Agencies – CFDA 84.010 (Major Program)

- *Criteria*
 - o Section 200.430 of 2 CFR Part 200 states standards for documentation for personnel expenses for the support of federal salaries and wages.
- *Condition/Effect*
 - o The District did not meet the requirements for maintaining Personal Activity Reports (PARs) or semi-annual certifications for salaries and wages charged to federal programs for subrecipients. The District is required to maintain PARs or semi-annual certifications for all individuals charged to federal programs during the year.
- *Cause*
 - o The District's internal controls over salaries and wages charged to federal programs were not operating effectively to ensure that federal salaries and wages for subrecipients were supported by required documentation for.
- *Questioned Costs*
 - o Not Determined
- *Identification of a Repeat Findings*
 - o Repeat finding from previous audit, 2017-004
- *Recommendation*
 - o The District should implement procedures to ensure all documents to support the salaries and wages charged to federal programs are completed and meet the federal requirements for subrecipients.

FINDING 2018-003 (Internal Control and Compliance – Material Weakness) – Unallowable Costs – Title I Grants to Local Educational Agencies – CFDA 84.010 (Major Program) and Improving Teacher Quality (Title II, Part A) – CFDA 84.367

- *Criteria*
 - o Subpart E of 2 CFR Part 200 sets forth standards for cost principles of expenditures charged to federal programs.
- *Condition/Effect*
 - o During the most recent monitoring visits by the South Carolina Department of Education, the oversight agency, it was noted that the District claimed federal expenditures that were deemed unallowable under the federal programs during the period of performance (July 1, 2016 – June 30, 2018). The District is required to maintained proper support for all federal expenditures and determining whether those expenditures are allowable under the federal programs.
- *Cause*
 - o The District's internal controls over federal expenditures were not operating effectively to ensure that that the federal expenditures were supported by proper documentation and allowable under the federal guidelines.
- *Questioned Costs*
 - o \$156,407
- *Recommendation*
 - o The District should implement procedures to ensure all documents to support the federal expenditures charged to federal programs are allowable and meet the federal requirements.

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

IV. Status of Known Findings and Recommendations from Prior Year Provided by South Carolina Public Charter School District

Prior Year Findings Relating to the Basic Financial Statements Reported in Accordance with Government Auditing Standards:

FINDING 2017-001 (Internal Control – Material Weakness) - Interfund Receivables and Payables

- *Condition*
 - o The District's internal controls failed to prevent or detect and correct material misstatements in the account balances resulting in certain funds having material misstatements in interfund receivables and payables and respective funds being out of balance.
- *Recommendation*
 - o The District should have procedures in place to ensure funds are properly reconciled and in balance.
- *Current Status*
 - o This finding was not repeated in the current year.

FINDING 2017-002 (Internal Control – Material Weakness) – Disbursements

- *Condition*
 - o The District's internal controls surrounding the processing and payment of cash disbursement were not operating as designed.
- *Recommendation*
 - o Management should ensure procedures and internal controls over cash disbursements are being followed within the guidelines established in the District's policies.
- *Current Status*
 - o This finding was repeated in the current year. See Finding 2018-001

FINDING 2017-003 (Internal Control – Significant Deficiency) – Payroll Tax Filings

- *Condition*
 - o The District failed to properly file IRS Form 941 (Employer's Quarterly Federal Tax Return) for the 1st Quarter 2017 in accordance with applicable laws and regulations.
- *Recommendation*
 - o The District should establish procedures to ensure all required tax filings are properly completed and timely submitted to prevent noncompliance with laws and regulations.
- *Current Status*
 - o This finding was not repeated in the current year.

Prior Year Findings and Questioned Costs Relating to Federal Awards

FINDING 2017-004 (Internal Control and Compliance – Material Weakness) – Support of Federal Salaries and Wages – Individuals with Disabilities Act (IDEA) - CFDA 84.027

- *Condition*
 - o The District did not meet the requirements for maintaining Personal Activity Reports (PARs) or semi-annual certifications for salaries and wages charged to federal programs during the year under audit. The District is required to maintain PARs or semi-annual certifications for individuals charged to federal programs during the year.
- *Recommendation*
 - o The District should implement procedures to ensure all documents to support the salaries and wages charged to federal programs are completed and meet the federal requirements.
- *Current Status*
 - o This finding was repeated in the current year. See Finding 2018-002



Superintendent:

Elliot Smalley

Board of Directors:

Laban Chappell, Chairman
John Payne, Vice Chairman
Kathleen Bounds, Secretary
Linzie Staley
Keith Callicutt, PhD
Beth Purcell
Cyndi Mosteller
Teresa Pope, PhD

December 3, 2018

McGregor & Company LLP
3830 Forest Drive
Columbia, SC 29602

During the audit of the South Carolina Public Charter School District's Financial Statements for the year ended June 30, 2018 you reported two material weaknesses and one significant deficiency. We view these findings as an opportunity to improve our internal controls and to enhance our capacity to monitor subrecipients of public funds. Our detailed response to these findings is documented below.

Finding: 2018-001 – Disbursements

Responsible Individual: Siddhartha Chowdri, CFO

Corrective Actions: During the 2017-2018 fiscal year the District's finance department made significant changes and improvements to the District's processes and procedures surrounding cash disbursements. Most of these changes took effect in January 2018 after the prior year audit findings were reported. Upon review of the errors noted by the independent auditors surrounding cash disbursements the District noted that almost all occurred from July 2017 to December 2017. The District was able to ensure adherence to updated policies and procedures implemented since January 2018. The District is currently in the process of revising both its procurement policy and improving documentation of overall financial policies and procedures. The District will further improve the control environment over its disbursements.

Time Frame: Immediate

Finding: 2018-002 – Subrecipient Monitoring - Support of Federal Salaries and Wages

Responsible Individual: Emily Paul, Executive Director of School Operations

Corrective Actions: During the 2018 fiscal year the District restructured its oversight of federal programs. The District hired additional personnel to oversee and provide technical assistance to subrecipients in compliance with federal grant requirements. While the District was unable to eliminate all errors related to time and effort documentation (personnel activity reports (PARS) and semi-annual certifications) for the year audited, it made a significant improvement in comparison to the 2016-17 school year. The District noted a disproportionate number of errors found by the independent auditors were generated by subrecipients that have transferred to another LEA or had their charters revoked. Measures have been taken to ensure that all time and effort documentation for the 2018-2019 school year are done in compliance with federal guidelines. In August 2018 the District held a Federal Programs training for all subrecipients which included presentations from the Title I and Special Education Offices of the South Carolina Department of Education. In addition, the District has hosted webinars to specifically address the requirements for time and effort documentation.

Time Frame: Already Addressed

Finding: 2018-003 – Unallowable Costs – Title I and Improving Teacher Quality (Title II, Part A)

Responsible Individual(s): Siddhartha Chowdri, CFO and Emily Paul, Executive Director of School Operations

Corrective Actions: The Title I monitoring findings were received by the District in May 2018 and related to expenditures for the year ended June 30, 2017. During the 2017 – 2018 fiscal year the District implemented a new document management system where each subrecipient must submit all supporting documentation related to each federal expenditure. Each submission is reviewed by at least 2 District employees before the subrecipient is reimbursed. As part of this process each submission is reviewed to ensure the expenditure is reasonable and necessary as well as properly documented and an approved activity within the subrecipient's Title I plan. The District has also hired a new Federal Programs Director as well as a Grants Accountant to increase oversight of this process.

Time Frame: Already Addressed

Regards,



Siddhartha Chowdri
Chief Finance and Operations Officer
South Carolina Public Charter School District

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

COLUMBIA, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR FISCAL YEAR ENDED JUNE 30, 2018

LEA Subfund Code	Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Expenditures
U. S. Department of Agriculture				
Passed Through S. C. Department of Education				
Child Nutrition Cluster				
600	School Breakfast Program	10.553	N/A	\$ 1,948
600	National School Lunch Program	10.555	N/A	14,820
Total Child Nutrition Cluster				16,768
Total U. S. Department of Agriculture				16,768
U. S. Department of Education				
Pass-Through S. C. Department of Education				
201	Title I Grants to Local Educational Agencies	84.010	H63010100118	\$ 3,956,185
201	Title I Grants to Local Educational Agencies	84.010	H63010100117	890,063
201	Title I Grants to Local Educational Agencies	84.010	H63010100116	29,836
201	Title I Grants to Local Educational Agencies - Mini Grant	84.010	H63010100117	45,396
237	Title I Grants to Local Educational Agencies (FOCUS)	84.010	H63010100117	121,970
Total CFDA 84.010				5,043,450 *
IDEA Cluster				
203	Individuals with Disabilities Education Act (IDEA)	84.027	H63010100918	2,515,773
203	Individuals with Disabilities Education Act (IDEA)	84.027	H63010100917	450,625
203	Individuals with Disabilities Education Act (IDEA)	84.027	H63010100916	81,613
212	Individuals with Disabilities Education Act (IDEA) - Extended School Year (ESY)	84.027	H63010100917	16,094
205	Individuals with Disabilities Education Act (IDEA) - Preschool Grants	84.173	H63010100818	52,184
Total IDEA Cluster				3,116,289 *
234	School Improvement Grants	84.377	H63010010415	147,860
234	School Improvement Grants	84.377	H63010010414	327,941
Total CFDA 83.377				475,801
207	Career and Technical Education - Subprogram 04	84.048	H63010107118	14,000
207	Career and Technical Education - Subprogram 06	84.048	H63010107118	97,887
207	Career and Technical Education - Subprogram 10	84.048	H63010107118	20,284
207	Career and Technical Education - Subprogram 06	84.048	H63010107117	22,898
Total CFDA 84.048				155,069
224	21st Century Community Learning Centers (Title IV)	84.287	H63010006918	149,123
Total CFDA 84.287				149,123
264	English Language Acquisition Grants (Title III, Part A)	84.365	H63010006717	22,280
Total CFDA 84.365				22,280
267	Improving Teacher Quality State Grants (Title II, Part A)	84.367	H63010006818	164,070
267	Improving Teacher Quality State Grants (Title II, Part A)	84.367	H63010006817	46,892
267	Improving Teacher Quality State Grants (Title II, Part A) - Mini Grant	84.367	H63010006817	3,204
Total CFDA 84.367				214,166
Total U. S. Department of Education				9,176,178
Total Federal Awards Expended				<u>\$ 9,192,946</u>

* Denotes Major Program

Footnotes:

(1) Basis of Presentation

The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The financial activity shown in this schedule reflects amounts recorded by the District during its fiscal year July 1, 2017 through June 30, 2018, and, accordingly, does not include a full year's financial activity for grants awarded or terminated on dates not coinciding with the District's year.

(2) Subrecipients

\$8,697,698 (approximately 94.61%) of federal awards received by the District noted above were provided to subrecipients.

(3) Deminimis Indirect Cost Rate

The District has not elected to use the 10% deminimis indirect cost rate.